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LAST ISSUE

Central Eurasia

FBIS-SOV-96-165
Friday
23 August 1996

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Daily Report
Central Eurasia

FBIS-SOV-96-165 *23 August 1996*

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CIS: ITAR-TASS Carries Press Review for 23 Aug

LD2308065196 Moscow ITAR-TASS in English 0516 GMT 23 Aug 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW August 23 (Itar-Tass) — Strange as it may seem, but the burning problem of Chechnya is not the central topic of today's newspapers.

Rossiyskiye Vesti publishes an article about the coming election of a governor in the Saratov Region under the "Elections-96" heading. Although the incumbent governor Dmitriy Ayatskoy was appointed to that post by a presidential decree only four months ago, the newspaper writes, he appealed to the President and the regional Duma not to postpone the elections and suggested that the problem of the governor be settled on September 1.

The newspaper writes as well that the Public Accord Treaty has been signed in Saratov by all the influential forces, including communists and radically-minded trade unions. "When the political situation is stable, more time is left for businesslike partnership, for the expansion and consolidation of horizontal times with other regions," the newspaper points out.

Moskovskaya Oblast (Moscow Region), which is a special issue of Rossiyskaya Gazeta, highlights problems of security in Moscow and the Moscow Region. The Federal Security Service is trying to work outside Moscow, in order to prevent crimes in the capital itself. In this connection Rossiyskaya Gazeta writes in detail about the arrest of a group of arms dealers by officers from the FSS Department for Moscow and the Moscow Region jointly with their colleagues from the Tver Region. Eight revolvers with mufflers and 1,000 cartridges were confiscated from them.

In the opinion of Izvestiya, the current reorganising of the President's administration does not look like another round of promotion of his supporters by Anatoliy Chubays, a "new man" in the administration. It looks more like the expression of a genuine realisation by the authorities that the competent and skilful management of the country is the condition of their survival. Chubays chooses for the key posts the people, who are real specialists in the technique of state management and are capable of keeping the country from disintegration at critical moments, of acting like an "automatic pilot" in planes.

"General Pulikovskiy's ultimatum was not worked out at the Defence Ministry. Neither was it coordinated with the Ministry. Defence Minister Colonel General Igor Rodionov stated it most clearly on Thursday," Krasnaya Zvezda writes.

Pravda carries an interview with Vladimir Semago, deputy to the State Duma, who comments on the make-up of the new Russian government. In his opinion, "the government can only be described as new with some reservations. Actually, it was the reshuffling of the pack of old cards: about all the personalities have long been known to everybody. One should not expect any surprises from this government."

Segodnya carries an article on the same subject. "By a series of the Thursday appointments on seven vacant posts in the government, including those of the Minister of Fuel and Energy, the Minister of Industry, the Minister of Railways and the Minister for the Affairs of CIS, Yeltsin and Chernomyrdin completed the formation of the new cabinet, which was unusually long. About all the appointments fall in line with the bureaucratic logic, which is the main principle of the formation of the cabinet. Exceptions only prove the general rule," the newspaper writes.

CIS: Russian Forces Plan 'Coalition' With Armenia, Georgia

MK2308102596 Moscow NEZAVISIMAYA GAZETA (NEZAVISIMOYE VOYENNOYE OBOZRENIYE Supplement No. 16) in Russian 22 Aug 96 p 1

["NVO" report: "Russia-Armenia-Georgia"]

[FBIS Translated Text] According to TURAN news agency (Baku) data, the staff of the Group of Russian Forces in the Transcaucasus (GRVZ) is completing the development of a plan "On Special Protection and Unobstructed Functioning of Communications on the Territory of Georgia and Armenia." In accordance with this document the Russian troops disposed in these countries may, if need be, place under special protection motor and railroads connecting them with Russia. TURAN has come to learn from sources in the GRVZ staff that the plan calls for setting up coalition armed forces. These forces will be created through uniting the armed forces of Armenia and Georgia with GRVZ units and the Russian border units in the Transcaucasus and ships of the Russian Federation Black Sea Fleet. However, the document does not specify the events for which coalition forces shall be created.

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Russia: Clinton, Western States' Concern at Groznyy Situation Noted

MM2208152796 Moscow IZVESTIYA in Russian 23 Aug 96 p 3

[Report by Maksim Yusin: "Clinton Has Urged Yeltsin Not To Storm Groznyy"]

[FBIS Translated Text] A few hours before the Russian ultimatum to the Chechen separatists expired, Bill Clinton sent Boris Yeltsin a letter. The message is entirely devoted to the situation in Chechnya.

The U.S. President declared that he was very concerned about the exacerbation of the conflict and urged "friend Boris" to resume the peace dialogue with the supporters of Chechen independence. No reply to Clinton's letter has yet been received from Moscow.

The Foreign Ministries of Britain, Germany, Italy, Canada, and Turkey and also the secretary general of the Organization of the Islamic Conference have followed the United States in voicing alarm at the recent events in Groznyy. They have all urged the Russian authorities to abandon the planned storming of the Chechen capital and to seek a way out of the crisis at the negotiating table.

As IZVESTIYA correspondent Marat Zubko reported, the participants in a meeting of foreign ministers of North European countries who gathered in the Finnish city of Porvoo asked a puzzled question concerning the Russian side's contradictory actions in Chechnya: Who is governing Russia at present?

As regards Washington's position, it was expounded in great detail at a news conference by White House official spokesman Michael McCurry. According to him, "the large-scale use of force in Groznyy could jeopardize the lives of tens of thousands of civilians." Therefore the United States approves of Aleksandr Lebed's peacekeeping efforts and is following his latest trip to Chechnya with hope.

Replying to a question about the U.S. Administration's attitude to reports of Boris Yeltsin's worsening health, McCurry did not dramatize the situation. "Our opinion," he said, "is based on the information provided through official channels by the Russian Federation. Mr. Yeltsin expressed a wish to rest for a while after the grueling election campaign. We do not think there is anything unusual in this."

The journalists' attempts to find out what the White House thinks of the Kremlin power struggle and of the extent to which Yeltsin is in control of the situation in the country proved unsuccessful. McCurry refused categorically to comment on the Russian internal political situation.

Russia: Foreign Ministry Comments on Chechnya, U.S. Concern

LD2208122796 Moscow ITAR-TASS World Service in Russian 1151 GMT 22 Aug 96

[By ITAR-TASS diplomatic correspondent Valeriy Sevryukov]

[FBIS Translated Text] Moscow, 22 Aug — The world community's concern over the developments in Chechnya, which are being closely followed by the Russian Foreign Ministry, has been caused by the situation in Groznyy over the last few days, Mikhail Demurin, first deputy director of the Russian Foreign Ministry's press and information department, told a briefing today. The situation is under the control of Aleksandr Lebed, secretary of the Security Council, and the Russian leadership, he said. Proceeding from this, one can hope that in the future, solutions will be found making it possible to advance along a political negotiating path in settling the Chechen conflict.

Speaking about the disappointment voiced with the resumption of hostilities in Chechnya, inter alia, by the U.S. side, the diplomat recommended it to recall who resumed the hostilities and how the situation developed. "In this case the addressee of the above concern will become obvious," the official spokesman of the Russian Foreign Ministry said.

Russia: 'High Professionalism' at Russian-U.S. Exercise Noted

MM2208132296 Moscow KRASNAYA ZVEZDA in Russian 22 Aug 96 p 3

[Report by Andrey Gavrilenko and Nikolay Litkovets under the "Exercises" rubric: "Russian-U.S. Landing in Far East"]

[FBIS Translated Text] When the first joint Russian-U.S. exercise — rehearsing the organization of collaboration in giving assistance to people struck by a natural disaster — was being conducted in Maritime Kray two years ago, the headlines of a number of Far East newspapers spoke for themselves: "Yankees on Slavyanka Beaches....", "U.S. Marines Ready To Land on Our Shores." A certain document was even cited, allegedly testifying to the fact that not long before the visit, the Americans, together with the Japanese, had rehearsed a landing on Russia's Far East coast on maps and computers. And now, it was claimed, they have been given an opportunity to test their staff plans on the beaches of Maritime Kray.

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At that time, when the joint exercise ended, and unlike the large number of critics of the Navy among our compatriots, the party which collaborated with the Pacific Fleet showed perfectly sincere respect for the Russian seamen and marines. Thus, Captain Second Rank [rank as published] Steve Barnett, who headed the delegation of U.S. military journalists, stated that the tasks which had been performed made it perfectly legitimate to talk about two great sea powers -- the United States and Russia.

Then two years went by. The Cooperation at Sea exercise, which ended a few days ago, was the third of its kind. Last year the Russian marines "tried out" the beaches of Hawaii, and now their U.S. counterparts have visited Maritime Kray again. Each of these exercises confirms that, despite all the difficulties being experienced today, the Russia's fleet has maintained its combat ability.. Assessing the actions of his subordinates, Major General Vladimir Korneyev, commander of a marine division, and Colonel David Young, commander of a U.S. Marines large unit, noted their high professionalism in performing the set tasks. Shoulder to shoulder and knee-deep in mud, the Russian and U.S. marines looked for "casualties" in the tall grass, gave them first aid, and carried them on stretchers to a safe place, where a regimental first aid station was set up. In parallel, some of the marines cleared obstructions and put out fires. Like in the previous exercises, everything was done efficiently and without any unnecessary fuss.

Russia: Rosvooruzheniye Denies Heading U.S. in Arms Exports

LD2208184896 Moscow INTERFAX in English 1446 GMT 22 Aug 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 22 (Interfax) — Valeriy Pogrebyonkov, a spokesman for the state-run Russian arms export company Rosvooruzheniye, has refuted information released by a U.S. congressional oversight report that Russian arms exports totalled $6 billion in 1996 against $3.5 billion in 1995, putting it above the U.S. arms export level ($3.7 billion in 1996 against $6.2 in 1995).

According to preliminary estimates, Russia's real arms export in 1996 may total about $3.5-3.6 billion. "We will sum up the results of 1996 either at the end of this year or in the beginning of the next year," said Pogrebyonkov.

"To tell the truth, we are glad that the U.S. congress oversight organ is so optimistic about Russia and the potential of the Russian military-industrial complex," he noted, ironically. According to him, the real situation is reflected in Stockholm International Peace Research Institute reports for 1994-1995, which put Russia second, after the United States, in arms export.

Russian arms exports totalled about $1.7 billion in 1994 and slightly above $3 billion in 1995, with Rosvooruzheniye accounting for over 90 percent of the exports, said Pogrebyonkov. According to him, the company is no longer a monopolist in arms export. Over a dozen defense industry companies have the right to export their production abroad directly, he said.

In 1995 Russia's arms exports reached the level of the best Soviet years, if long-term arms supplies under soft loans, which were practiced in the Soviet times, are not counted, the spokesman said.

A $7 billion portfolio of export orders for Russian armaments was formed in 1995. It includes "contracts that we intend to sign or have already signed and that will be implemented within several years," he said.

Pogrebyonkov emphasized Russia's determination to regain its prestigious first place in arms exports.

"However, due to our economic problems and the situation in the Russian defense industry we can count on the honorable second place. I think the tendency will remain in the nearest future: the U.S. will be the first and we will be second in world arms markets," Pogrebyonkov said.

Russia: Moscow Ready To Ratify Convention Banning Chemical Weapons

LD2208165596 Moscow ITAR-TASS in English 1628 GMT 22 Aug 96

[By Valeriy Sevryukov]

[FBIS Transcribed Text] MOSCOW, August 22 (Itar-Tass) — Russia is ready for all-round cooperation with other participants in the preparatory commission for the prohibition of chemical weapons with the aim of searching for decisions on procedures of control, conversion and other aspects of the practical application of the Convention banning chemical weapons, which are now being elaborated in Hague, Russian Foreign Ministry spokesman Mikhail Demurin stated here today.

The solution to these problems would promote the process of ratification of this document by Russia, he said.

"We count that the Convention will come into force properly and will be implemented effectively," the Russian diplomat noted.

In his view, taking into consideration the special responsibility and the role of Russia and the United States in

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the process of chemical disarmament, it would be hardly possible to talk about the efficiency of the Convention if these two possessors of the announced stocks of chemical weapons, or even one of them, would not have become its parties from the very beginning.

"The disarmament efforts of the world community have reached now a responsible stage," Mikhail Demurin pointed out. The number of states which handed in their instruments of ratification to the depository of the Convention on the prohibition of chemical weapons, is approaching 65, after which in 180 days the Convention will come into force automatically.

As of today, 61 states have already handed in their documents on ratification to the U.N. Secretary-General, he informed.

In the conditions of coming to the threshold of 65 ratifications, international efforts must be concentrated on ensuring the universality and efficiency of the application of the Convention, Mikhail Demurin believes.

"Russia has confirmed its intention to join the group of the first 65 states as a country, which has made a considerable contribution to the drawing up of the Convention, and intends to orientate itself in the field of chemical disarmament exclusively on its clauses and the mechanism of control envisaged by this document," the Russian Foreign Ministry spokesman stressed.

Russia: Foreign Ministry Official Calls For Fewer Weapons in Bosnia

LD2208145996 Moscow INTERFAX in English 1445 GMT 22 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 22 (Interfax) — Moscow believes the Bosnian sides must be left with as few weapons as possible, a senior Foreign Ministry spokesman told a briefing on Thursday.

Mikhail Demurin said that the main task as seen by Russia lies in disarmament and the destruction of excessive weapons in arms- saturated Bosnia.

He underlined that none of the Bosnian sides should be allowed to lay its hands on more weapons than provided for by the Dayton accords.

Russia: Primakov Asks For Clemency for Pilots in Zaire

MM2308101396 Moscow KOMSOMOLSKAYA PRAVDA in Russian 23-29 Aug 96 p 4

[Report by Aleksey Chukurov: "Will 'Kinshasa Prisoners' Return Home?"]

[FBIS Translated Text] The Russian Government has appealed to the Zaire Prime Minister to "ease the lot" of the Russian pilots sentenced by a court in this African country to two years' imprisonment. Here Russian Foreign Minister Yevgeniy Primakov who voiced the appeal suggested two options: either that our pilots be released "early on parole" or that they be allowed to serve their term of imprisonment in their own country. After all, it is known that after the sentence had been passed the crew of the AN-32 aircraft was transferred from the interrogation premises with "European-type" cells to the local general prison. It is not out of the question that the relations of their victims will try to settle accounts with the airmen there.

So far Zaire Prime Minister Leon Kengo wa Dondo has not reacted in any way to the appeal from the Russian cabinet of ministers. According to Valeriy Gamayun, a high-ranking official in the Foreign Ministry Africa department, it is quite hard to predict the Zaire leaders' reaction. After all, in January our airmen "ran over" over 300 Kinshasa inhabitants with their aircraft directly in the city market. And the release of the airmen "for the sake of good relations with Russia" could cause a real storm in Zaire. So that it is hardly worth counting on Kinshasa's good will.

Russia: Baltic Fleet Helicopter Flight Near Lithuania Denied

WS2308075896 Tallinn BNS in English 1741 GMT 22 Aug 96

[FBIS Transcribed Text] Kaliningrad, Russia, Aug 22, BNS — The Russian Baltic Fleet's air force helicopters did not fly Tuesday near the Lithuanian border, Russian military sources say.

On August 20, Lithuanian border police sighted a helicopter over the village of Bitenai in Silute region, bordering the Russian exclave of Kaliningrad. From its shape, the Lithuanian border police suspected that the helicopter belonged to the Russian armed forces. They were hindered in making an exact identification by the fact that helicopter had no identification markings.

A Russian Fleet air force official said that on August 20 no air force helicopters flew near the Lithuanian border, and before noon, when an unidentified helicopter was sighted in Lithuanian air space, neither air force helicopters nor planes had been in the air.

According to the Baltic Fleet air force officer, the Fleet's MI-8 and KA-27 helicopters fly at an altitude of 600-900 meters. At this altitude, they are clearly visible, and if this had been a military helicopter, Lithuanian border police would have quickly identified it by its markings, the officer said.

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Russia: Federal Border Service To Stabilize Tajik-Afghan Situation

LD2308105196 Moscow INTERFAX in English 1026 GMT 23 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 23 (Interfax) — Russia's Federal Border Service is taking measures to stabilize the situation on the Tajik-Afghan border, which has seriously deteriorated lately, Federal Border Service Deputy Director Col. Gen. Aleksey Kozhevnikov said at a briefing in Moscow Friday [23 August].

Since the beginning of August, he said, large groups of irreconcilable opposition rebels have moved to the Tajik-Afghan border from the 45 bases located in Afghanistan. In the Badakhshan direction alone, the number of rebels exceeds 1,500. There are reasons to believe that the rebels are concentrating forces for a subsequent attack on Tajik territory.

He said that the shelling of the Tajik border village of Pyanj with more than 20 missiles on August 18 and 19 was "a test of strength." Luckily, there was neither loss of life nor serious destruction, while the border guards killed about 60 rebels by return fire.

As tensions are growing, "we are strengthening our units, and transferring reserves, including from Russia, to the most vulnerable directions," said Kozhevnikov. "All-round defense is not ruled out as the possibility of attacks from the rear is not excluded," he said.

He announced that as a result of contacts between the Russian border guards and their Afghan colleagues, a protocol was signed on August 22 that obliges the Afghan side "to create a 25 kilometer deep safety zone within the limits of the Shugnan district and protect it from the armed rebels."

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Political Issues

Russia: Yeltsin Answers Journalists' Questions; Looks 'Sprightly'

LD2208153896 Moscow NTV in Russian 1500 GMT 22 Aug 96

[From the "Segodnya" newscast]

[FBIS Translated Text] President Yeltsin replied to journalists' questions in the Kremlin today. [Video shows Yeltsin standing a short distance from the camera]

Boris Yeltsin finally ended a lengthy pause today. In his first interview since his inauguration, the president of Russia touched on the sore points of recent weeks. First on the list was the bloody drama in Groznyy and the attempts of General Aleksandr Lebed to bring peace to the Chechen land.

[Begin Yeltsin recording] I hope that it will be a success. I am, let us say, not quite satisfied with Lebed and his work on Chechnya, since it should not be forgotten that at meetings with voters he constantly promised to solve the problem of Chechnya given the power. Now he has the power but, unfortunately, we have yet to see results from his work on Chechnya. However, to put it briefly, we are not going to, so to speak, despair. We will, nonetheless, see this issue through to the end. [end recording]

The second issue in order of priority was the formation of the government. Boris Yeltsin completed this process in full today. In the first half of the day he met the new ministers in person. He was satisfied with the results.

[Begin Yeltsin recording] We now have fresh, new people. That is very interesting. In other words, a minimum of 30 percent of the cabinet has been renewed. These are professionals. These are not yes men of the prime minister or the president. No, these are professionals in their fields. They have long experience and, at the same time, they are young. It is my impression that the government should now push forward and it has the strength. [end recording]

The Russian president also turned his attention to the numerous rumors about where he spends his holidays. Speculation about a visit to Switzerland for medical treatment in the near future provoked no more than an ironic smile from Boris Yeltsin.

[Begin Yeltsin recording] I thank the media, of course, for the suggestion, but I am unable to go to Switzerland, for instance, when we have problems in the country here that need to be solved on the spot. Also, if I go on holiday now, if I take time off, then it will be on Russian territory. [end recording]

During the whole interview not once did Boris Yeltsin resort to the aid of the television prompter. He looked sprightly and self-assured, as if he wished to show through his appearance that Russia has leadership and that she is in reliable hands.

Russia: Yastrzhembskiy Says Yeltsin 'Dissatisfied' With Lebed's Work

MM2208144296 Moscow IZVESTIYA in Russian 23 Aug 96 p 1

[Report by Valeriy Vyzhutovich under the "Horse's Mouth" rubric: "Sergey Yastrzhembskiy, Russian Federation President's Press Secretary: The President Is Dissatisfied With the Work of the Security Council Secretary"]

[FBIS Translated Text] After a two-day absence connected, as already officially announced, with a visit to Valday to inspect a proposed vacation spot, the president of Russia has returned to Moscow. He spent Thursday working in the Kremlin. Sergey Yastrzhembskiy, the president's press secretary, told your IZVESTIYA observer how Boris Yeltsin spent the day, how he is feeling, and what his immediate plans are.

About the President's Health

Boris Yeltsin is very lively and dynamic. Everyone who took part in filming the interview with the president shot by RIA-NOVOSTI TV journalists on Thursday saw that for themselves. TV viewers will also see this for themselves.

About the President's Leave

Boris Yeltsin has still not finally decided whether he will spend his leave in Valday or choose to vacation somewhere else. The specific date when he will go on leave has still not been decided either.

About the New Ministerial Appointments

On Thursday the president met with five candidates for vacant government posts. He has appointed all five to ministerial posts. Anatoliy Zaytsev has been approved as minister of railways, Yuriy Bespalov as industry minister, Viktor Orlov as minister of natural resources, Petr Rodionov as minister of fuel and energy, and Tatyana Dmitriyeva as minister of health.

About the Work of the Security Council Secretary

The president is dissatisfied with the work of Aleksandr Lebed, and in particular with his actions to establish peace in Chechnya, and he intends to demand concrete results from the Security Council secretary in this sphere. [Yastrzhembskiy ends]

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From the Editorial Office. Boris Yeltsin's dissatisfaction with the Security Council secretary's peacemaking efforts after Aleksandr Lebed has canceled General Pulikovskiy's ultimatum and prevented the bombardment of Groznyy prompts certain questions. Either the president is still demanding the impossible — that law and order in Chechnya be restored to the situation as of 5 August — or else he is assessing the actions of his assistant for national security solely on the basis of the situation prevailing prior to Aleksandr Lebed's latest trip to Chechnya. However, the president's future relationship with the Security Council secretary is a new political topic worthy of separate examination.

Russia: Yeltsin Meets New Ministers, Praises 'Strong Government'

LD2208121096 Moscow INTERFAX in English 1201 GMT 22 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 22 (Interfax) — Russian President Boris Yeltsin Thursday met with the candidates to posts in the new Cabinet of Ministers, after which he signed appointment decrees, the president's press service announced.

During a meeting with Anatoliy Zaytsev, appointed railroad minister, Yeltsin spoke about the great importance of railway transport for the Russian economy. He inquired about the situation on the Oktyabrskaya Railway which Zaytsev ran for nine years, and about Russia's passenger and cargo freight. He also inquired about prospects for the development of high-speed railways.

The president and the newly-appointed Minister for Industry Yuriy Bespalov have been personally acquainted for many years, the press service said. They discussed the current state of affairs in industry with a special accent on ways of increasing production and on the search for untraditional methods of easing the life of industrial enterprises without weakening the budget. Bespalov spoke about ways of attracting foreign investments to the Russian economy.

Talking with Viktor Orlov, appointed minister for natural resources, Yeltsin expressed concern about the curtailment of geological prospecting over the past few years. This negative tendency must be stopped, he said, as Russia is a major raw-materials power, so information about its mineral resources must be permanently replenished. Aware of the importance of this problem, the decision was taken to establish a ministry for natural resources, said Yeltsin.

During talks with Petr Rodionov, the newly-appointed minister for fuel and energy, Yeltsin said: "It's important that you have worked your way up from an ordinary engineer to head of a major energy enterprise." He recommended that Rodionov pay special attention to the oil and coal industry. He also drew Rodionov's attention to the pricing problems and to the problem of food and commodity supplies to the northern regions before the rivers freeze. He said that energy workers must prepare themselves for an economic upsurge which will entail a greater consumption of primary and secondary energy resources.

After the meeting with the new Cabinet members, Yeltsin gave an interview to RIA-Novosti TV, saying that now the government has been fully shaped. "I think it's a strong government. It's 30 percent new and has professional people, not sycophants. Moreover, the newly-appointed ministers are young people," he said.

Russia: New Health Minister Says Yeltsin's Health 'All Right'

LD2208183796 Moscow Russian Television Network in Russian 1600 GMT 22 Aug 96

[From the "Vesti" newscast presented by Mikhail Ponomarev]

[FBIS Translated Excerpt] [Ponomarev] Yet another new minister is the focus of our attention today, first because this minister is a charming woman and second, because the problems of health and health care are of equal concern to everybody. "Vesti" presents Tatyana Dmitriyeva, the minister of health of the Russian Federation. Good evening Tatyana Borisovna.

[Dmitriyeva] Good evening.

[Ponomarev] First of all, permit me to congratulate you on this appointment. My first question is not connected with your future work, because throughout the last few days the press has been most preoccupied with the state of our president's health. You met him today. You are a doctor. What is his condition?

[Dmitriyeva] Today I had a fairly lengthy conversation with Boris Nikolayevich. It has to be said -- I am not his doctor, of course, and I am not entitled to draw conclusions without examining a patient. But I know Boris Nikolayevich. I have met him before. Therefore, I can say that I myself did not notice anything new in his appearance, so to speak. Therefore, I can — so to speak — say quite — so to speak — fairly confidently that his health is all right.

[Ponomarev] Thank you. [passage omitted: questions and answers on general health service issues, Dmitriyeva's position as the only woman in the cabinet]

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Russia: Yeltsin Congratulates 'Defenders of Democracy'

LD2208145596 Moscow ITAR-TASS in English 1446 GMT 22 Aug 96

[FBIS Transcribed Text] MOSCOW, August 22 (Itar-Tass) — Russian President Boris Yeltsin congratulated defenders of democracy — participants in the events of August 1991 and all Russian citizens on the fifth anniversary of the August victory and on the Day of Russia's State Flag. The congratulatory message whose text was referred to Itar-Tass by the presidential press service says this:

"Dear friends,

"We all remember the days and nights from August 19 to August 22 five years ago when the destiny of democracy, the destiny of Russia were being decided. And now, five years since, we see the importance of these events for the destiny of our Fatherland.

"Not everything of what was then planned has been achieved. The life of a considerable part of Russians is difficult. Economic transformations do not proceed smoothly. Ties between Russia and ex-USSR countries have not been fully restored. The Chechen crisis taking the toll of lives is like a bleeding wound on Russia's body. The lot of our compatriots in Commonwealth countries is not easy.

"Still we have lived through the most difficult period. Russian statehood has consolidated. Democracy has been established in Russia. The latest presidential elections have been a substantial stage in democratic relations. Inflation has been brought under check and a change for the better is in the offing in the social area.

"All this shows that what we were struggling for in August 1991 and for what Russia's first heroes Vladimir Usov, Dmitriy Komar and Ilya Krichevskiy gave their lives is slowly but confidently gaining the ground in our country.

"Dear defenders of free Russia, I cordially congratulate your on the fifth anniversary of the August victory and on the Day of Russia's State Flag.

"Sound health, wellbeing and happiness to all of you."

Russia: Yeltsin's Vacation at Valday Resort Described

MM2208194096 Moscow KOMSOMOLSKAYA PRAVDA in Russian 23-29 Aug 96 p 2

[Report by Yuliya Yemenets: "Boris Nikolayevich's Adventures at Valday. He Went Fishing, Boating, and Played Billiards"]

[FBIS Translated Text] Valday — We were too late: Wednesday evening the president's blue helicopter and the escort helicopter lifted off from the pad behind the gray fence surrounding "Uzhin," the government country retreat. And even though the Valday services — the police, the Federal Security Service [FSB], and the administration — immediately relaxed, talks with the duty officers lasting almost an hour were not successful: Visiting the grounds of the "president's reserve" is forbidden.

The nearby villages of Roshchino and Terekhovo are full of lazy dacha owners from Moscow and St. Petersburg. They are not excited by their proximity to the president. They have seen Yeltsin in his wide-brimmed hat speeding past in his motor launch together with his escort of two small protection launches — this is a common occurrence.

This is B.N.'s fifth vacation at Valday but each of his visits upsets the usual tenor of the local authorities' existence. Mikhail Prusak, governor of Novgorod Oblast, altered the route of his election tour and came to Valday the day after Yeltsin's arrival. But he did not meet with Yeltsin because the president did not take the initiative.

I have no doubt that had Yeltsin been at "Uzhin," we would not have been able to drive the 13 km separating the town of Valday from the president's vacation area. Two obstacles bar the road to vehicles, but we committed a gross violation of traffic regulations. However, we had to stop in front of the long plank fence with the iron gates stretching from the shore of Lake Uzhin to an impassably dense thicket. A smiling guard politely asked us to turn back. But we knew the name of Konstantin Gorin, chief of the Russian Federal Protection Service's protection service at Valday, which was virtually a password.

It subsequently transpired that he was B.N.'s billiards partner for those two days.

According to Gorin, Yeltsin prefers to travel to "Uzhin" by helicopter — unlike Brezhnev (who came by car) and Ryzhkov (by train). After all, it is 420 km from the Kremlin to the landing pad, which an Mi-8 can cover in one hour 50 minutes.

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Konstantin Gorin has received Boris Nikolayevich four times and is fairly well acquainted with his habits, which, as he stresses, have not changed since the previous vacation three years ago.

Boris Nikolayevich got up early, between 0500 and 0600, had a light breakfast, and worked till 0900. Naina Iosifovna and his 13-year-old granddaughter Masha did not get in his way. Of all B.N.'s hobbies he opted for boat trips and walking. But the fishing trip was a failure — it was hot and too sunny. It was as high as 33 degrees in the sun! Even so the dish made from the three small roach and the small pike that the president caught was a Valday fish chowder in name only. The planned hunting trip had to be canceled for humane reasons: The water fowl hunting season does not open until today.

Yeltsin was not troubled by anyone from the nearby building, known as the "Central Committee" building from the old days, where Moscow Oblast Governor Tyazhlov, ministerial officials, and [movie director] Eldar Ryazanov are now on vacation. Life at "Uzhin" goes on virtually autonomously — even the president's food was brought in from Moscow, as were his personal chef and physician.

As people close to B.N. note, during the vacation no states of emergency occurred. The daily morning phone call to Moscow and the news broadcasts did not cause the president's brow to furrow, and the official couriers came and went. It cannot be ruled out that Boris Nikolayevich will return to Valday at the start of next week.

[Footnote] The author expresses gratitude to the Valday correspondents' center of the Novgorod Television Company Slaviya.

Russia: Public 'Tired' of 'Filtered' Information About Yeltsin's Health

MK2208130796 Moscow OBSHCHAYA GAZETA in Russian 22-28 Aug 96 No. 33, (signed to press 21 Aug 1996) p 8

[Report by Yelena Kokurina: "Diagnosis: 'A Firm Handshake'"]

[FBIS Translated Text] The subject of the Russian president's health once again surfaced last week, but it was covered in an even more muddled fashion than was the case last November, when Boris Yeltsin was treated at the Central Clinical Hospital. At that time we were at least aware of the president's whereabouts. Now, when two weeks have scarcely passed since his inauguration and during the first 100 days of his presidency, this information is shrouded in mystery. The American TIME magazine, whose article was cited by everyone even before the issue emerged in Moscow, announced that Yeltsin was in for serious cardiological surgery in Switzerland. The German BILD-ZEITUNG, which revealed several diagnoses of the Russian president over the past several years (which have never been officially refuted), this time clarified the nature of the upcoming surgery — a transplant. According to information available to OBSHCHAYA GAZETA, last Thursday Boris Yeltsin was taken to the Cardiological Center in order to carry out preliminary manipulations in connection with an aorta coronary bypass. This information surfaced here a day before the TIME publication and was completely unrelated to it. So, absolutely different sources are reporting the same thing, albeit with varying details; namely, the president's state of health requires surgical intervention. The "Swiss option" was immediately rebuffed by Press Secretary Yastrzhembskiy out of hand. Yet we did not hear him either deny or confirm the essence of the question. An official cannot lie — so the press secretary did not, he simply skillfully manipulated fairly ambiguous phrasing. First, "currently the president is in Moscow Oblast." Neither in his country house nor in Barvikha, but precisely in Moscow Oblast. Well, both the Cardiological Center and the Central Clinical Hospital, which are located just outside the Ring Road, fit the description, even if at a certain stretch. Second, "every human being has the right... to attend to his health while on vacation" and further — the president is expected to undergo a diagnostic checkup and preventive treatment. In principle, such treatment can mean nearly anything, for instance, an operation to implant an artificial heart pacemaker that prevents heart attacks, which is currently popular among American politicians. Angioplasty, which was mentioned by TIME, can also be interpreted as preventive treatment of sorts. Well, finally, the third phrasing or, rather, description of the president's state of health as formulated by his press secretary — "his handshake is firm." For this one — no comment. Literally a day later Sergey Yastrzhembskiy threw us yet another "bone": Yeltsin has gone for two days to Valday to gauge it as a place for his possible vacation. What remains is to continue making endless jokes about this situation, tirelessly to unearth yet more trifles and details that have a bearing on the health of the head of state, and to show profound insight in interpreting officials' mysterious phrasing. The respected academician Andrey Vorobyev, who is part of the cohort of presidential doctors, fumed indignantly at our inquiries: "Listen, are you not tired of all that? The president is also a human being and he also has the right to have information on his health kept secret." We are indeed tired of that. We are sick and tired of receiving filtered medical information, and that, again, through the press secretary, not the chief of the Presi-

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dential Medical Center or his personal doctor; that is, people who bear personal responsibility for the accuracy and authenticity of this information. We are sick and tired of the confusion and ambiguities disseminated by officials who comment on the health of the head of state. We are also sick and tired of the rumors that emerge in that regard. As for the need to keep medical information secret, this is a special question if the issue is the president and key statesmen of the country. The degree to which this secret may be revealed as well as the procedure for, and regularity of, making it public should be regulated by special legislation. These are elementary things that have long been under discussion, but nothing has changed for the better yet.

Russia: Chernomyrdin, Khasbulatov Meet To Discuss Chechen Cease-Fire

LD2308092396 Moscow INTERFAX in English 0912 GMT 23 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 23 (Interfax) — Russian Prime Minister Viktor Chernomyrdin and chief adviser to the Chechen armed opposition Ruslan Khasbulatov met Thursday in Moscow to discuss moves to meet Thursday's cease-fire agreement, Khasbulatov told Interfax.

The agreement, signed by Russian Security Council Secretary Aleksandr Lebed and Chechen opposition chief-of-staff Aslan Maskhadov, "must be substantiated" with a view to paving the way to a political settlement, Khasbulatov said.

In Khasbulatov's view, Chernomyrdin and, judging by his words, President Yeltsin are genuinely concerned about the possible spread, spillover and escalation of the conflict. "Is there still room for escalation?" Khasbulatov asked.

It is essential that Chernomyrdin and Yeltsin share views on the Chechen problem, Khasbulatov stressed, because, "if they did not, the problem would attract interest abroad."

Khasbulatov knows little of the military aspects of the Lebed-Maskhadov agreement but is prepared to "seize the earliest opportunity to leave Moscow for Chechnya, briefing (Chechen opposition leader) Zelimkhan Yandarbiyev on Thursday's meeting with Chernomyrdin and voicing (his) own view of political ways to settle the conflict."

Russia: Chernomyrdin: New Post of Shafranik Ranks With Minister

LD2308104996 Moscow ITAR-TASS in English 1033 GMT 23 Aug 96

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, August 23 (Itar-Tass) — Yuriy Shafranik, until recently the minister for fuel and energy, will soon be appointed as advisor to the Russian prime minister, Viktor Chernomyrdin said today.

He introduced to today's college meeting of the Ministry for Fuel and Energy its new leader, Petr Rodionov.

Chernomyrdin said the post of premier's advisor ranks with minister's.

He thanked Shafranik for his leadership of the ministry during the difficult years of reforms.

"There are no questions to Yuriy Shafranik, and one shouldn't think up anything about this," Chernomyrdin said.

"When a new team is formed, at least 30 per cent of its memebrship is changed," he spelled, adding that Shafranik "will remain in our cohort and will be in his specialty".

Russia: New CIS Affairs Minister Not To Confront Moscow, Premier

LD2308085796 Moscow INTERFAX in English 0817 GMT 23 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 23 (Interfax) — Aman Tuleyev, newly appointed Russian Minister for CIS affairs, "does not intend to confront" the government and Prime Minister Viktor Chernomyrdin.

"A politician has no right to play 'a double game' when he has become a member of the Cabinet of Ministers," he told Interfax.

"The fact of the matter is, Boris Yeltsin won [the presidential election], not the opposition. This is a reality to be reckoned with. It is necessary to stop shouting, it is high time to start working. This will be a constructive opposition," he said.

Tuleyev "did not feel any inconvenience" about becoming a minister because "his program, and that of the opposition, coincides with the position of the president and government concerning CIS problems."

"In this case there is a complete mutual understanding on all issues, because nobody opposes the rapprochement of CIS states," Tuleyev said.

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He was skeptical of the possibility of restoring the USSR, although he had called for this earlier. "Today one should assess ongoing events with a sober mind: there are people like me, and there is a power elite which does not need such assessments," he said.

However, it is necessary to search for and make use of real opportunities to bring together the Commonwealth states, and primarily "to pursue economic and financial integration by taking into consideration common interests."

Tuleyev, as Russian Minister for CIS Affairs, intends "to promote the development of concrete mechanisms to help adopted inter-state agreements work."

"It seems that heads of states and chairmen of governments meet and they create all kinds of commissions, but nobody feels any real effect," he said.

He intends "to meet with CIS presidents and prime ministers in the near future and with the CIS ambassadors."

Tuleyev views his ministry as "a small Council of Ministers. A great mass of interests, from political and financial-economic to military and space, has accumulated here."

He has no illusions regarding his work. "Of course, it will make one sick, they will attack me and cry 'traitor' from my side as well," he said.

He did not deny that he received a recommendation from the Popular-Patriotic Union before accepting this post.

Speaking about relations between those in power and the opposition, Tuleyev said that this is not a private confrontation but "confrontation due to embezzlement of public funds and theft."

"Miners and teachers do not receive their wages for months, whereas state employees are building multibillion dachas and cottages. People see this and understand it perfectly," Tuleyev said.

Russia: Tuleyev Gives Reasons for Joining New Government

LD2208210296 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 22 Aug 96

[From the "Vremya" newscast]

[FBIS Translated Excerpt] President Yeltsin today signed several decrees filling the seven vacant ministerial posts in the new Russian Government. [passage omitted]

What made Aman Tuleyev, one of the opposition leaders, join the not-so-much-loved government? We will hear an answer to this question from the horse's mouth, as it were. Aman Tuleyev and other new ministers gave our correspondent Natalya Chernysheva exclusive interviews.

[Begin recording] [Chernysheva] You are one of the opposition leaders. How does this correspond with your acceptance of the offer to head a ministry in the present government?

[Tuleyev] Do you remember the line from an old song: You are still the same as you were before? This line is about me. I feel good, because I feel that organizing the work of the CIS Cooperation Ministry is my job, personally and professionally. I believe that every practical step aimed at improving people's lives in Russia and CIS countries must be taken.

[Chernysheva] Being an outside observer, I thought you would prefer to assume broader powers: the economy as a whole. Did you just accept what you were offered?

[Tuleyev] You see, it's not me who has the final say, but the side that won the elections. But we all live in the same country. I believe that an opposition should be constructive, that's the way I see it. Of course, one could have said again and again: everything is bad and wrong; and started a new round. The other way is the way of constructive work. I am in favor of constructive work. OK, everything is bad. But if you are offered a job, join in and show how to do things better. If there is such an opportunity — life is too short, God gives everyone just one life — let's do things now, join in and show how to do it. I hope we succeed.

[Chernysheva] Thank you and good luck. [passage omitted] [end recording]

Russia: Tuleyev Appointment Seen as Victory for Power Party

MM2308090996 Moscow ROSSIYSKIYE VESTI in Russian 23 Aug 96 p 1

[Commentary by Feliks Babitskiy: "Aman Tuleyev in 'Antipeople Government': One up to the Authorities?"]

[FBIS Translated Text] Quite honestly, Aman Tuleyev's appointment as the new minister for cooperation with the CIS countries gives rise to some very contradictory emotions. On the one hand, he is undoubtedly one of the most talented of regional administrators. Encountering the problems caused by the USSR's collapse and the disintegration of Russia, he did not lose his head but began organizing new ties. It is also known that the head of the Kemerovo Legislative Assembly is one of the most popular politicians in the Muslim CIS republics, has a particularly close relationship of trust with Nursultan Nazarbayev, and has even made a pilgrimage to

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Mecca. Moreover, it was Tuleyev who was the main initiator of the Siberian Accord — the only really operating regional cooperation association in the country. Although Aman Gumirovich is considered a "Red," he is by no means a convinced "antimarketeer." On the contrary, he has actively promoted the establishment of private businesses in Siberia.

On the other hand, however, Tuleyev is openly disloyal to the president. He has twice run in the presidential election, motivated solely by a desire to stop Yeltsin. This eternal oppositionist has even accused Zyuganov of appeasement. It is truly hard to know what is more surprising — that he was invited to join the government team, or that he agreed. One thing is sure — he is such a strong figure that both the party of power and the opposition have always striven to win him over. Well then, one up to the party of power.

Tatyana Dmitriyeva's appointment as health minister can only be welcomed. She is said, like most of her colleagues, to be very unhappy about the extent of the decentralization of the medical administration system, whereby health ministries have even appeared in certain oblasts. It is also known that Mrs. Dmitriyeva does not want the "cold war" between the ministry and the State Committee for Sanitary and Epidemiological Supervision that broke away from it under Eduard Nechayev to continue. Colleagues from the Health Ministry, where she worked at the administration for the provision of aid to the population, say that she is a rare type of professional — one who has become a civil servant but without losing her qualifications as a doctor. Moreover, she has a second degree in economics. Tatyana Dmitriyeva's last job was as director of the Serbskiy Psychiatric Institute — which does have its advantages in our crazy era.

The decision on the candidacy for minister of railways was not made immediately either. But the Ministry of Railways has a long-standing tradition that the head of the Oktyabrskaya Railroad becomes the next minister, and this tradition has not been broken. Incidentally, his predecessor, Gennadiy Fadeyev, also held this position, although he became minister after having been first deputy. The new minister — Anatoliy Zaytsev — is not lagging behind the times, just like his trains. He recently defended his doctoral dissertation in economics (after having started out as an ordinary stoker!). And he learned this discipline through practice rather than from books: The Oktyabrskaya Railroad started earning money in the conditions of our "no-holds-barred" market earlier than the others in the Ministry of Railways system — and that was largely down to its boss. Incidentally, apart from the orders of the Labor Red Banner and the Badge of Honor, Anatoliy Aleksandrovich is also the proud wearer of the medal "For Saving a Drowning Person." Who knows, maybe he will have to come to the rescue of the Ministry of Railways, which is barely "keeping its head above water" at the moment because of the general defaulting crisis.

With regard to the candidate for minister of natural resources, the Council of Ministers took the simplest and most correct path. Since two ministries — environment and resources — had been merged, one of the ministers in the previous government was dropped and the other was confirmed. This other one was Viktor Orlov. He is virtually the "doyen" of the government, since he was a member of its very first cabinet (allegedly thanks to the protection of the then-all-powerful State Secretary Gennadiy Burbulis). Quite honestly, he is not particularly popular with working geologists — the sector is virtually number one in the country in terms of unemployment. But everyone believes that this is not the minister's fault. As for former environment minister Viktor Danilov-Danilyan, who has been dropped, his future fate has not yet been decided. But it is hard to believe that one of the country's most prestigious economists will be left out of work.

Russia: Livshits Reports Government Approval of 1997 Draft Budget

LD2208130896 Moscow INTERFAX in English 1251 GMT 22 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 22 (Interfax) — The Russian government approved next year's draft budget at its meeting Thursday, Finance Minister Aleksandr Livshits told a news conference in Moscow Thursday [22 August].

The government will submit the draft budget for consideration by the State Duma on August 31, Livshits said.

Next year's budget will be tight, with a deficit of 3.3 percent, he said.

Taxes will account for 15.9 percent of total budget revenues against 12.2 percent this year so far, Livshits said.

Russia: Apparatus Seeks To Run State on 'Autopilot'

MM2208150496 Moscow IZVESTIYA in Russian 23 Aug 96 p 2

[Article by Valeriy Vyzhutovich: "Anatoliy Chubays Is Designing an 'Autopilot.' The Russian Ship of State Is Being Fitted With an Backup Control System"]

[FBIS Translated Text] The Presidential Staff is undergoing yet another reorganization. The fourth in the past

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four years. Boris Yeltsin has prescribed a reduction in the number of staffers, the abolition of duplicate structures, the maximum utilization of the existing personnel, and so on, and so forth.

Boris Yeltsin expresses dissatisfaction with the work of the Kremlin apparatus on a cyclical basis reminiscent of the changing seasons. But it appears that for the first time the creation of an effective presidential team is moving from the realm of good intentions, which had hitherto invariably culminated merely in the uprooting of old administrative forests and the planting of new ones, into the practical sphere. For the first time the need for reliable and high-quality management is recognized by the authorities as a vital matter for them. Or more accurately, a matter of survival.

Not the least important factor that led the victors, immediately after the presidential elections, to embark on the energetic shedding of apparatus fat and pumping of administrative muscles is, according to some interpretations, Boris Yeltsin's ill health. (The refutation by presidential Press Secretary Sergey Yastrzhembskiy of the recent item in the U.S. magazine TIME on this delicate and increasingly topical matter only added to the anxiety.)

In confidential conversation some of my Kremlin sources, in return for guaranteed anonymity, admitted that the installation of Anatoliy Chubays in the [Presidential] Staff with a team of civil servants who are young but, like him, experienced in the ways of state service, was also predetermined by this sad fact. Hence, they said, the task is to design the new Staff in such a way that all its drive belts, mechanisms, and cogs, should anything happen to the president, would not break down and the ship of state would continue its progress on "autopilot."

If this theory is accepted as authentic, or at least not in conflict with the realities, then the present changes in the Kremlin may become considerably clearer and more intelligible.

A highly noteworthy detail is that the need speedily to equip the state system with a kind of backup control system was expressed by Yeltsin himself to his closest subordinates. According to presidential aide Georgiy Satarov, Yeltsin set the task of transforming the Staff, making it "more compact and efficient," and bringing "new people with new ideas and working methods" into the administration. And this, as the participants in the conference assert, was even before the first round of the elections. So all the theories that Chubays received the post exclusively as a token of gratitude for a successful presidential campaign are convincing only in part.

The drafting into the apparatus of people familiar with the new techniques of power was, it is now becoming clear, carried out on a systematic basis. At any rate, Aleksey Kudrin, Yevgeniy Savostyanov, and Maksim Boyko, whom Chubays identified for key Kremlin posts, all fully meet the president's ideas about "new people."

The "new stage" proclaimed by Chubays in the "building of a Russian state, incorporating a strengthening of power in the regions and at the same time a reinforcement of the presidential hierarchy," is also basically an insurance against going into a "spin" if the helm of state suddenly trembles in weakened hands.

The rigorous system of one-man management that is now being introduced in the Staff also looks like a preventive measure. Under this system the drafts of presidential directives and edicts, after undergoing study by legal experts at the Main State and Law Administration, come to the chief of staff and nobody else. And only Chubays "makes the decision on the draft's readiness for submission to the Russian Federation president or the need for further work on the draft."

The main administrations set up on Korzhakov's initiative — on questions of constitutional guarantees and citizens' rights, state service and cadres, and the state's domestic and foreign policy, and also the program analysis administration — have been abolished. Here too the same plan is evident: In any irregular situation the bureaucratic apparatus must retain maximum governability, and that is in no way served by a cumbersome structure and overmanning with bosses who endlessly duplicate each other's roles.

All the indications are that the Presidential Staff will also become a buffer between Aleksandr Lebed, who is eager for unprecedented powers, and Viktor Chernomyrdin, who is already finding it difficult to suppress his irritation at the general's crashing in on anything and everything. And whereas prior to the presidential elections one could observe two power centers secretly competing with one another in Russia — the Kremlin and the White House — Aleksandr Lebed's unparalleled elevation is making the presidential and governmental teams drop their mutual jealousy and mount an all-around defense.

Anatoliy Chubays' switch (if only in transit) from the Cabinet of Ministers to the Presidential Staff.... The dispatch of Viktor Ilyushin and Aleksandr Livshits from Red Square to Krasnopresnenskaya Embankment [Council of Ministers].... With this reciprocal movement the top Russian nomenklatura is trying to provide itself with guarantees of its joint survival, independent, as far as that is possible, of the presidential cardiogram.

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Now there is only one small thing left — to convince Russian society and the whole world of the effectiveness of the old-new authorities. "The state," Anatoliy Chubays stated, "should do much more to explain and inform people about the essence of its policy at both federal and regional levels." That is what the president's new press secretary will try to do. According to information from Kremlin sources, radical changes are coming in the presidential press service. The expected reorganization has a serious purpose — to show the people a president who is intelligent, active, vigorous, and understandable in all his actions. To create an attractive image of the authorities themselves. And, as Georgiy Satarov reported, it will not only be the press secretary and his service who will seek to achieve this. "Developing relations with the mass media while preserving the basic principle of their independence" is also one of the tasks of the new Kremlin team, which understands very well what it is designing and why.

Military Issues

Russia: Rodionov Says Proposed Defense Expenditures Inadequate

LD2308105596 Moscow INTERFAX in English 1042 GMT 23 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 23 (Interfax) — The Defense Ministry cannot agree to the proposed defense expenditures for 1997, Russian Defense Minister Igor Rodionov told journalists in Moscow Friday [23 August].

"The Defense Ministry's budget request was virtually neglected, although it was compiled on the basis of thorough calculations," Rodionov said.

The ministry prepared a draft plan for long term reform of the army and the fleet, Rodionov said. When implemented, this plan will give Russia's armed forces a completely new image corresponding to national security needs under today's political, military and economic conditions, he said.

The defense expenditures should be considered in one package with both the general plan and more detailed plans to reform every individual unit, Rodionov said.

Meanwhile, Security Council Secretary Aleksandr Lebed submitted his proposals for next year's defense expenditures to Prime Minister Viktor Chernomyrdin, a well-informed source in the Security Council told INTERFAX Friday.

According to Lebed, government-proposed defense expenditures stood at 100.8 trillion rubles against 260 trillion rubles proposed by the Defense Ministry. The ministry's requests for maintenance and construction works was satisfied by 43.6 percent, purchasing arms and equipment by 36.0 percent and research and design works by 19.7 percent, he said.

Russia: Rodionov To Reorganize Information, Political Directorates

MK2208124696 Moscow OBSHCHAYA GAZETA in Russian 22-28 Aug 96 No. 33, (signed to press 21 Aug 1996) p 2

[Report by Boris Talov: "With Defense Minister Even the Holy Place Can Be Empty"]

[FBIS Translated Text] During the annual air force fete in Tushino [a Moscow neighborhood] your OBSHCHAYA GAZETA correspondent managed to find out from Defense Minister Igor Rodionov firsthand what he thinks about reforming the Defense Ministry information system.

The general subscribed to the view of many mass media outlets that the information support of the army's operations in Chechnya is clearly insufficient, and the Defense Ministry information directorate must take part of the blame. The minister, however, declined to specify the directorate's new outlines, noting that "there is so far no deserving person — let it [the position of directorate head] remain unfilled for the time being." Incidentally, General Rodionov noted that the new information department will be staffed by "both people with shoulder boards and people without shoulder boards."

The Defense Ministry chief confirmed that not only the information directorate, but also the former Main Military-Political Directorate (today's indoctrination work directorate) will undergo reorganization. The minister had no specific candidate for this position [directorate chief] either, but "this is going to be a deserving person, a general with vast work experience," he specified.

Russia: Army Hopes Government To Solve Problems With 'Same Consistency'

MM2308082696 Moscow KRASNAYA ZVEZDA in Russian 23 Aug 96 p 1

[Article by Igor Karapetyan: "We Are Ready To Give the New Government Credit Even for a Working Session. Viktor Chernomyrdin Convened His New Cabinet for the First Time yesterday"]

[FBIS Translated Text] The first session of the new government was held 22 August. Generally speaking, it was a routine, mundane event. There are quite a few such sessions in prospect. But we, the ordinary people in the street, expect so much from the executive that

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we are ready to give the government credit even for holding working sessions. The country's economy is in an extremely difficult position; everyone is aware of this. Our interest in how ministers plan to remedy the situation has nothing to do with the idle curiosity of the casual observer. All of us — servicemen, miners, teachers, doctors, and scientific workers — are vitally interested in seeing the federal executive organs switch from statements about the first shoots of economic stabilization to an assessment of the social consequences of this encouraging process and help us to feel the effect of this for ourselves. It is pleasing that the Cabinet of Ministers seems to understand the population's urgent concerns and needs. There have also been concrete deeds. Vice Premier Aleksandr Zaveryukha, for example, has stated that this year Russia plans to harvest 75-77 million tonnes of grain. This, he believes, is enough to satisfy the country's needs for both food grain and feed grain. Only a small amount of grain will be bought in for the Far East. It has become possible to reduce prices for bread and bakery products in a whole series of regions.

Progress? Undoubtedly. We remember how in other, far more stable times grain was bought across the ocean and in such quantities that this influenced world prices.

By all accounts the miners have also gotten through to those at the top. Finance Minister Aleksandr Livshits, another vice premier, has discussed with representatives of the trade unions' conciliation commission the question of settling the situation in the country's coal industry. To avert the all-Russia coal miners' strike called for 26 August in connection with wage arrears the government is going to approve a timetable for clearing the state's debt to the sector. In the first half of the year the debt stood at 500 billion rubles [R]. It is planned to examine various schemes for eliminating the debt that the power industry and industrial enterprises owe for coal already supplied. As of 1 August the coal consumers' debt stood at R6.8 trillion. Clearly the miners can see a ray of light before them.

The government moved even more quickly to satisfy the Moscow subway construction workers' demand to clear the wage arrears. The strike on lines under construction in the capital lasted just one day. The money was found and work goes on.

We servicemen have reason to be pleased for all of those people. There are increasing hopes that the government will settle the army's problems with the same consistency.

Let us venture to remind people that at present the state owes the Armed Forces no less than R15 trillion. It has been said more than once (let us hope it was not said in vain) that an officer's pay is the only source of income for many families. We understand, of course, that the stabilization of the ruble exchange rate is an indicator of professionalism in the government's activity. But our congratulations to the ministers would be more sincere if we felt the stable ruble in our own pockets and received our pay less intermittently. This is natural: Everyone measures the effectiveness of the reforms in terms of himself and his family. But if the reduction in the rate of inflation is directly linked to the chronic nonpayment of wages this is more a reason for the statesmen to correct the policy of reforms than grounds for optimism on their part.

One more point. I very much hope that the man in the government who determines how much servicemen receive for their difficult work and how regularly they receive it is not like the hapless accountant who saves the kopeks but squanders the rubles. Do not pretend that an acceptable living standard for the military has been achieved. It is not we but others who have noted that for some time now a trolley driver has been getting more than a fighter pilot. But in real life it is even worse than that. The driver receives his pay every month, otherwise he will not sit behind the wheel. But the military aviator makes his pay last two, sometimes even three months. So much for the subsistence minimum. If someone in the government believes that a trolley driver's pay should be higher than an airman's pay, forgive us if we use the same instrument to measure budget expenditure on ministers themselves: A good driver keeps his bus on course, which cannot be said about our economy.

In short, do not take this amiss, ministers, but we do not believe in promises any more. Only deeds, only real, not declared concern for military men will make us proud of you and admire your erudition and professionalism.

Regional Affairs

Russia: Maskhadov Offers To Help Lebed Stop Continuation of Chechen War

LD2208220796 Moscow Radio Rossii Network in Russian 1900 GMT 22 Aug 96

[FBIS Translated Excerpt] At the settlement of Novyye Atagi today Aleksandr Lebed, secretary of the Russian Security Council, and Aslan Maskhadov, the separatists' chief of staff, signed a document on the disengagement of the warring parties in Chechnya. [passage omitted]

Speaking to journalists after the talks General Lebed talked of his determination to end the war. The army will be withdrawn from Groznyy and, later on, from Chechnya, the president's representative in the republic said.

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For his part, Aslan Maskhadov said that the document signed today provides a real chance of stopping the forces which are continuing the war. According to the leader of the separatists, if Aleksandr Lebed helps bring this about, they will help him.

Russia: Lebed, Maskhadov Disagree on Timetable for Chechen Settlement

LD2208174596 Moscow Russian Television Network in Russian 1600 GMT 22 Aug 96

[From the "Vesti" newscast presented by Mikhail Ponomarev]

[FBIS Translated Text] Reports from the Republic of Chechnya during the last hour have made much of what we wanted to tell you hopelessly out-of-date. The latest news arrived just a few minutes ago. At 1905 hours Moscow time today in the village of Novyye Atagi, Aleksandr Lebed and Aslan Maskhadov signed a document on the disengagement of the warring parties, the withdrawal of forces, and joint control of individual districts of Groznyy. Among other things, the agreement envisages the establishment of joint military commandant's offices in Groznyy to enforce law and order, to protect abandoned houses from looters, and to avoid provocations that could wreck the peace process.

The only problem at the eight-hour talks was the separatists' insistence on an integrated solution to the Chechen problem. Lebed, by contrast, called for a stage-by-stage solution.

After all the details had been finalized, a one-to-one meeting was held between Lebed and Maskhadov. Both are expected to meet journalists in the very near future. Yesterday, in an interview with our correspondent Sergey Zenin, Aleksandr Lebed said that he and Maskhadov are mindful that they both served in the same army, that both of them are officers, and for both of them nothing is more sacred than an officer's word.

Our correspondent is now heading from Novyye Atagi to Groznyy. There he will prepare a detailed report on today's meeting between the two generals. We will try to show it in this bulletin. If not, you will see it in subsequent "Vesti" bulletins.

Russia: Lebed, Maskhadov Sign Cease-Fire Agreement

LD2208175196 Moscow INTERFAX in English 1740 GMT 22 Aug 96

[FBIS Transcribed Text] GROZNYY, Aug 22 (Interfax) — Russian Security Council Secretary Aleksandr Lebed and Chechen rebel commander Aslan Maskhadov signed an agreement on cease-fire in Groznyy and in Chechnya Thursday evening.

Under the agreement, all military activities on Chechen territory are to be stopped from noon of August 23, an Interfax correspondent reports in Groznyy. The document bans special operations and terrorist acts.

If the agreement is violated, the sides pledge to take joint steps to prevent such violations, for which purpose a series of measures were worked out.

Under the agreement, federal troops are to be pulled out from the Vedeno and Nozhay-Yurt districts of Chechnya by August 26 and from the Shatoy district by August 29. The federal units are to be redeployed to the villages of Stariye Atagi, Kurchaloy and others.

Federal troops are to be pulled out from Groznyy to the area of their previous deployment (Khankala, the Severny airport) or to new deployment areas.

The withdrawal of troops from Groznyy proceeds simultaneously with the setting up of joint commandant offices. They are to be set up within 24 hours starting with 3:00 p.m. of August 23. Each side will be represented by 30 men in the central office and 60 men in the district office.

A conciliatory commission will supervise the observance of the agreements.

Lebed told journalists following the end of the talks that he is aware of cease-fire violations by separatist fighters in Groznyy and "one should act resolutely to end this bloody bacchanalia. The constitutional order cannot be instilled by blanket bombing or artillery barrage."

Asked what kind of response he expects to the outcome of his talks with Maskhadov, he said: "I am sure I will have a warm welcome."

Russia: Lebed To Sign Document in 2 days on Relations With Chechnya

LD2308051896 Moscow ITAR-TASS World Service in Russian 0122 GMT 23 Aug 96

[By ITAR-TASS correspondent Andrey Surzhanskiy]

[FBIS Translated Text] Moscow, 23 Aug (ITAR-TASS) — "Only extremely harsh actions can now stop the bloody orgy in Chechnya and this is precisely the aim of the agreement, signed on Thursday, on urgent measures to cease fire in the republic," Russian Security Council Secretary Aleksandr Lebed told correspondents today upon his return to Moscow from Chechnya during the night. Otherwise, a disaster threatens Russia.

Lebed believes that the pullout of troops from Chehnya's southern regions begins after the signing

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of the agreement on Thursday. As from today, joint commandant's offices will start to be set up. Lebed said that he will return to Chechnya in two days' time to sign a joint document on "our relations with Chechnya." "This will be a political document," Lebed said.

In addition, an accord has been reached to withdraw all troops from Groznyy. Lebed confirmed that a large number of Russian servicemen are still blockaded in the Chechen capital. Asked whether the provisions of the signed agreement are likely to be implemented, Lebed said: "All the heads attending the meeting said they would strictly observe the agreement. I am not going to try and persuade or ask anyone. I have legitimate powers to do this."

Lebed said that he has been put in charge of a strategic settlement of the Chechen conflict. Moreover, in accordance with a presidential edict, he has the right to remove any officials from office, up to deputy minister, Lebed said.

Asked by ITAR-TASS whether anyone would be made responsible for the ultimatum declared by the Russian military and its consequences, Lebed said that he "is yet to look into the issue, its root, and sources."

As for individual exchanges of fire during the talks, Lebed described them as "a passionate striving by some forces to disrupt the talks." However, the talks went on despite anything, he stressed. Lebed said that clashes will continue to take place, but not on a massive scale.

Russia: Maskhadov Permits Humanitarian Convoy Into Groznyy

LD2208163896 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 22 Aug 96

[From the "Novosti" newscast]

[FBIS Translated Excerpt] [Correspondent Vladimir Polozhentsev] The artillery was unusually silent last night in Groznyy, but the situation in the city cannot be called calm. Battles continued until morning on Lazo and Lenin Streets in the Oktyabrskiy district. At the headquarters of the internal troops of the Russian Ministry of Internal Affairs, journalists were told that six servicemen had been killed. The number of wounded is not yet known. The separatists managed to set fire to a Russian infantry fighting vehicle. Headquarters has reports that 150 separatist reinforcements have arrived at Minutka Square. Snipers on both sides have been active in all parts of the city.

At the same time, Aleksandr Lebed, secretary of the Russian Security Council, was holding talks in Novyye Atagi village with Aslan Maskhadov, chief of the separatist headquarters. [passage omitted]

The chief of the rebel headquarters mentioned in passing that Chechnya has no intention of conquering Russia because it simply does not need to, and that the main thing for both sides now is not to lose face. It is not known how much these words reassured Aleksandr Ivanovich [Lebed]; he remained diplomatically silent.

Summing up the talks later, the Security Council secretary said there were no disagreements on matters of principle, and the main thing now is to ensure the movement of both military and civilian convoys. The agreements will be guaranteed by the firm word of an officer, as both he and Maskhadov are officers.

An INTERFAX correspondent learned later that Aslan Maskhadov was true to his word and has already given an order to let the humanitarian aid convoy into Groznyy. [passage omitted]

Russia: Interior Troops Commander in Chechnya Orders Cease-Fire

LD2308085696 Moscow INTERFAX in English 0821 GMT 23 Aug 96

[FBIS Transcribed Text] GROZNYY, Aug 23 (Interfax) — Commander of the Russian interior troops in Chechnya Maj. Gen. Igor Rybakov has ordered his troops to cease fire in Groznyy and in the rest of Chechnya at midday August 23, the interior troops' press office told Interfax.

The order also says that all POWs and bodies of dead rebel fighters must be exchanged without delay and without preliminary terms, the same source reports.

Rybakov ordered that the separatists be allowed to leave Groznyy unhindered along the established safe corridors: Chernorechye — the traffic police post — Stariye Atagi, and Zavodskoy district — the villages of Kirova, Alkhankala, Alkhan-Yurt, Stariye Atagi.

The safe corridors are to be created by 3:00 p.m. August 23, according to the order.

A representative of the press bureau said that Rybakov's order has been taken to all of the Russian interior troops in Chechnya.

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Russia: Lebed Back in Moscow, Looking Forward to Meeting Yeltsin

LD2308050896 Moscow ITAR-TASS World Service in Russian 0017 GMT 23 Aug 96

[By ITAR-TASS correspondent Andrey Surzhanskiy]

[FBIS Translated Text] Moscow, 23 Aug (ITAR-TASS) — Aleksandr Lebed, secretary of the Security Council and presidential aide on national security, is expected to meet Boris Yeltsin at 1230 today, if "nothing goes wrong." Lebed will report to Yeltsin about the accords reached in Chechnya, he told ITAR-TASS today when he returned to Moscow from Chechnya.

Lebed is not sure that the critical remarks about his work on the part of the president "were actually made by Boris Yeltsin." Lebed pointed out that he "was appointed the Russian president's plenipotentiary representative in Chechnya but had no conversation with the head of the Russian state, which should take place in such instances." Lebed said that a number of instructions he has received from the president carried his facsimile signature. Lebed thinks that his meeting with the president today may result in positive developments in the future.

Russia: Federal Command, Separatists Meet in Groznyy Suburb

LD2308092896 Moscow ITAR-TASS World Service in Russian 0856 GMT 23 Aug 96

[By ITAR-TASS correspondent Boris Kipkeyev]

[FBIS Translated Text] Moscow, 23 Aug (ITAR-TASS) — The federal forces are not carrying out any active operations in Chechnya. At 1200 [0800 GMT], the troops commenced implementation of the cease-fire agreement reached on 22 August by Aleksandr Lebed and Aslan Maskhadov. An official representative of the federal group headquarters told ITAR-TASS over the telephone from Khankala that at 1000 a meeting was held in a southern suburb of Groznyy between representatives of the federal command and the separatist staff. One of the main issues discussed at the meeting were conditions for the withdrawal of the conflicting sides from the Chechen capital.

At the same time, ITAR-TASS was told at the Russian interior troops headquarters, in the past 24 hours the federal troops positions in the town of Argun of the Nozhay-Yurt District were incessantly fired at. According to verified data, in the past 24 hours 10 federal troops servicemen were killed. The number of wounded is being established.

Russia: Lebed Seen Signing 'Terms of Capitulation' in Groznyy

MK2308113096 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 23 Aug 96 p 1

[Report by Vadim Poegli: "They Have Won"]

[FBIS Translated Text] Now it can be admitted.... It has to be admitted.... Russia has suffered the most devastating defeat in the two years of the Chechen War.

The battle of Groznyy is over. We have lost. Maybe Generals Tikhomirov and Pulikovskiy believe that everything can yet be put right and an effective assault by storm could successfully complete the ill-started battle. This is not so. There will be no storming, and thank God for that. Should this happen, everybody would die — hundreds of soldiers, thousands of civilians, but not the Chechen separatist fighters. They, as always, would easily slip through the "triple barriers of the Russian troops." This has not been the first time. But this time everything will be even more shameful.

After all, Lebed has come to Chechnya not to restore peace but to sign terms of capitulation. When the general says that Maskhadov admitted that Russia can crush Chechnya if it wants to, he forgets to add that this can only be done by dropping a nuclear bomb on it. That is, if we still have any left....

Everything else has already been tried: tanks, "Grad" multiple rocket launchers, and aircraft. But a storming of Groznyy calls for a six-fold superiority in personnel. And I very much doubt that in the million-strong Russian military there are 30,000 combat-ready soldiers.

How we were all stunned when small Abkhazia defeated Georgia and the Dniester region, Moldova. Now us.... Wars never end in a draw.

Of course, no "Tatar option" for independence as part of Russia will be enough for the Chechens, especially after their victory in Groznyy. And it is time somebody explained this to Lebed. "Force must be respected" — this will be understandable even to a general.

But it will not be the loss of Chechnya or even the Caucasus that could become the most terrible outcome of the defeat in Groznyy. Simply, the shame of Tsushima is usually followed by the madness of revolution. [Reference to a devastating defeat of the Russian fleet in the Battle of Tsushima, 1905, which predetermined Russia's defeat in the Russo-Japanese War, 1904-1905]

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Russia: Chechen Spokesman Cited on Cease-Fire Agreement

LD2308093896 Moscow Radiostantsiya Ekho Moskvy in Russian 0800 GMT 23 Aug 96

[FBIS Translated Excerpt] There was a lull in the fighting in Groznyy this morning along the entire line of confrontation, according to a report from the headquarters of the armed Chechen opposition. According to their information there were only isolated outbreaks of shooting in the city's outskirts, while according to a representative of the headquarters, this is probably the work of snipers on the federal side who have not yet received the cease-fire order. Maybe they have no radio communications. [passage omitted]

When Aleksandr Lebed was on his way back to Moscow late yesterday evening [Chechen separatist leader] Aslan Maskhadov was at the same time holding an operational meeting of his command team. Maskhadov informed his commanders immediately about the agreement that was signed. We were told this by Movladi Udugov, representative of the [Zelimkhan] Yandarbiyev government:

[Begin Udugov recording] Aslan Maskhadov issued written instructions and orders to his Groznyy command requiring the commanders to adhere strictly and firmly to the agreement that was signed. It is forbidden to open fire or to mount attacks [on the enemy] and any actions that might provoke tension are completely forbidden. Instructions have been given, in accordance with the agreement, to enter into direct contacts with Russian officers on the spot. Aslan Maskhadov also issued a written order forbidding Chechen units from responding to enemy fire. [end recording]

Security Council Secretary Aleksandr Lebed will not be back in Moscow for long. He may return to Chechnya tomorrow or the day after for fresh talks. The Chechen side is informed about these plans, Movladi Udugov told us:

[Begin Udugov recording] This time it is the political issue that may be discussed most seriously at these talks. I must tell you with all responsibility that both sides have found approaches toward settling this question. If the clear thinking of the new leader of Russian politics today [prevails], as long as there is no interference, no deliberate meddling, no attempts to cause trouble, no trickery or lies, and if all these agreements are adhered to then I think we will see a historic event unfold and it is very possible that in the next few days we will see a document which will finally complete the work on many aspects of the political question, including political dialogue and the political process, the political relations between Russia and Chechnya. We have these approaches, we have a compromise. The questions have been talked around, the two parties have reached mutual understanding, so that everything is ready and prepared. What is needed now is action and no interference. [end recording]

The Interfax agency has just reported that General Vyacheslav Tikhomirov, commander of the federal forces group, is to sign an order today on the nonuse of force by any type of arms on the territory of Chechnya. The federal forces will be withdrawn from Groznyy during 24-25 August, that is, tomorrow and the day after. [passage omitted]

Russia: Three Explanations Offered for Pulikovskiy's 'Ultimatum'

MK2308112996 Moscow MOSKOVSKAYA PRAVDA in Russian 23 Aug 96 p 1

[Article by Oleg Zhirnov: "Who Stood Behind Pulikovskiy?"]

[FBIS Translated Text] Upon his arrival in Chechnya Security Council Secretary A. Lebed called "Pulikovskiy's ultimatum" a bad joke, stating there would be no assault on Groznyy. Lebed held talks with Maskhadov on the separation of the forces locked in combat within the Chechen capital. And the direct threat of annihilation for the approximately 100,000 residents left there was averted. But problems and questions remain. The most important one is this: What was it? What was behind "Pulikovskiy's ultimatum"?

At least three versions are possible: First, the Russian military group in Chechnya has actually challenged the center's authority and decided to "zap" the remaining enemies in Groznyy. This assumption is supported by Lebed's statements about "chiefs gone wild in the absence of one-man command, and who need to be mustered," as well as by his appearance at the famous press conference where he shared impressions of his first trip to Chechnya.... ("By rapidly going satanic the federal group in Chechnya may create a cocktail that would shake the entire world"). And there is his sudden and intriguing peacemaking with Kulikov — whom he had earlier accused of all mortal sins. Faced by unruly generals, they had to join hands.

The second, opposite guess, can be characterized by the phrase "it was all a put-up job." Presidential aide E. Pain stated himself: "Pulikovskiy's ultimatum" was agreed upon by the country's top leadership. Security Council Secretary A. Lebed could not have been unaware of it." In the absence of the vacationing-on-sick-leave president, Premier Chernomyrdin held a conference with A. Lebed and the heads of the power structures which, if you look at who attended it, resembled

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an unannounced Security Council meeting, following which "Pulikovskiy's ultimatum" appeared. The premier neither canceled nor censured it, only demanding "100-percent guarantees" for Groznyy's residents. This guess is also confirmed by the behavior of Defense Minister General Rodionov — behavior unnatural in a military person. In disagreeing with "Pulikovskiy's ultimatum" and in stating that he had not issued such commands to the general, he did not cancel the ultimatum and did not punish his subordinate; he only "criticized him." The "it was all a put-up job" guess implies that the Russian leadership decided to force the rebel fighters from Groznyy with the help of "a total threat," whereas Lebed was cast in the advantageous role of a last-minute savior of civilians.

And, finally, there is the third — albeit vague — guess, which might be closer to the truth. "Pulikovskiy's ultimatum" is the concrete actualization of the president's extremely controversial instruction to A. Lebed; that is, to restore law and order in Groznyy first, and then right after this, complete the withdrawal of Russian troops from Chechnya by 1 September. Lebed openly doubted that the instruction came from the president himself. It is not ruled out that both the instruction and "Pulikovskiy's ultimatum" came from the same source, one who had a need to create the maximum number of difficulties for the Security Council secretary. But the latter frustrated the scheme straight off, commenting as follows: "Power can't be given, it should be taken. And that's what I am doing."

The "what was it" question leads primarily to this question: "What happens next?" Lebed and Maskhadov conducted talks on the separation of the warring sides in Groznyy. The signing of some comprehensive peace agreement is possible. Will A. Lebed carry out a presidential instruction whose authenticity he doubts? Owing to the threat from "Pulikovskiy's ultimatum," everybody has for some reason forgotten about the demand to complete the withdrawal of troops from Chechnya by 1 September. Should he carry it out, we should think of departure rather than the separation of forces and peace. But on what terms? What is to be done about Chechnya in general? Does the end of "Pulikovskiy's ultimatum" mean the end of the struggle against those people alternately called bandits and "honest officers with whom we used to serve together?" Could an amicable agreement with these people, whatever they are called, entail even greater misfortunes for Russia in the future?

In winding up it is hard to keep from making a snide query: The president also tasked Lebed with exposing all the persons guilty of letting the fighters seize Groznyy.... Should he now turn each official thus exposed into his deputy for operations in the same manner he did with regard to Minister of Internal Affairs Kulikov? Would there be enough positions to go around?

Russia: Lebed's Chechnya Gambit Seen as Possible Route to Power

MK2308114296 Moscow NEZAVISIMAYA GAZETA in Russian 23 Aug 96 p 1

[Report by Alan Kasayev under the "Collision" rubric: "These Days in Chechnya Decide Who Rules Russia. Aleksandr Lebed Has Secured the Cancellation of the Ultimatum and Is Trying To Negotiate a Full-Scale Settlement With the Separatists"]

[FBIS Translated Text] President Yeltsin's indisposition, which mysteriously coincided with the absence of Anatoliy Chubays from Moscow — the presidential chief of staff is taking a rest after the election campaign — revealed in the most tragic fashion the fierceness of the struggle for power under way in Russia. As has always been the case, something inexplicable happens when the president "disappears" for one reason or another. But what happened in this particular case — that is, the Chechen escalation — was virtually unbelievable. In modern times this tradition could well be marked by the days of August: five years ago Gorbachev, who left for Foros, lost power and the country.

It seems that in Russia, vintage Summer 1996, this question is not so burning — Boris Yeltsin is back in the Kremlin and the governmental squabbles over portfolios are over, but the fighting in Chechnya goes on. The issue is not merely that the scandalous confusion and disarray in the military and political leadership of the warring country have caused doubts as to the very top authority's capacity to govern, or that the continuation of the carnage runs counter to one of the president's key electoral pledges.

But it has turned out that yet another political campaign has begun; one whose goal is to gain influence on the president so that no one will have any doubts as to the right of one figure or another to inherit the throne should any upheaval occur. In another development, a fight in Groznyy has begun, which, to an outside observer, looks like the struggle of the good federal troops with the bad rebels (first option) or the battle of freedom-loving Chechnya with aggressive generals. But in fact the question that appears to be being decided in Chechnya is whether or not Aleksandr Lebed, the president's new favorite, will be able to act sensibly and with precision, scrapping the old rules of the bureaucratic Kremlin game and creating new ones. It should be recalled that the question of Lebed's ability to adjust himself to new

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conditions has already been raised in his previous life, for instance, by Pavel Grachev: "The Dniester Region is one thing, but let him try to command elsewhere." Now Lebed is trying.

Casualties running into the thousands do not particularly worry the main players in the intrigue, something that was indirectly confirmed by the detached stances of Prime Minister Viktor Chernomyrdin and, particularly, Defense Minister Igor Rodionov. As for Pulikovskiy, Kulikov, and Tikhomirov, from this point of view they are but puppets in a big game, and their heads will be the first to roll, regardless of its outcome. More often than not they are scarcely aware of the fact that they are giving voice to other people's ideas and bringing other people's plans to life. In the end they will be booted out of their posts and accused of all mortal sins by their current opponents and allies alike. Yet, they cannot be blamed for everything.

Anatoliy Chubays appears to have become too preoccupied with the promotion of his allies to what now appear to be downright secondary posts and to have lost control over the actions of a — far from fictitious — group of people hewing to extreme rightist views — many of whom don military uniforms and have no plans to resign. If Aleksandr Lebed, as a seemingly positive figure in this alignment ("a peacemaker") manages to rein in the Russian generals, Aslan Maskhadov, and Doku Zavgayev, he will obtain the perfect chance of gaining power in Moscow, but only on one condition: If his alliance with Anatoliy Chubays — signs of which emerged on the eve of the elections — is reaffirmed by yet more joint actions, in which Chubays — for the sake of stabilization and the strengthening of his own hand — will have to get down to solidifying Lebed's position in Moscow. The party of war still exists, though the choice of its leaders, who still keep a low profile, to place their bets on the military and a number of other power agencies is self-defeating — whether in the short or in the long run — because the power component of the state is too weak at the moment.

Russia: Aug 22 'Startlingly Peaceful' Thanks to Lebed

MM2208151496 Moscow IZVESTIYA in Russian 23 Aug 96 p 2

[Report by Viktor Litovkin and Besik Urigashvili: "When Lebed Is in Groznyy the War Stops"]

[FBIS Translated Text] Groznyy — Security Council Secretary Aleksandr Lebed called General Pulikovskiy's ultimatum a bad joke. But this joke resulted in the methodical and deliberate shelling of Groznyy throughout 21 August.

One artillery man admitted that at noon they launched against Minutka Square a kind of Grad charge that has not been used in the whole war: "We sent 30 canister rounds. This is enough to cover around 12 hectares of territory."

However, we saw all this even without being told by the artillery man and we could see for ourselves that the army is in determined mood. As we were traveling from Groznyy's Kalinino district toward the no. 4 residential neighborhood the shells were literally passing over our heads. We heard both the salvoes and the explosions because we were somewhere in the middle of the projectiles' trajectory. And with each salvo the column of smoke over Minutka Square rose higher and spread across Groznyy. There were no refugees on this day — the artillery shelling scared people and they crowded into the basements. The shelling continued even as Security Council Secretary Aleksandr Lebed flew into Groznyy. Journalists met with him to the roar of artillery barrages.

"The warring sides must be separated," Lebed said after a one-hour one-on-one conversation with General Vyacheslav Tikhomirov, and then he flew on to meet with Aslan Maskhadov.

In Novyye Atagi, where Lebed met with Maskhadov, the table was laid. There was fresh lamb, watermelons, vegetables, and tea. The Russian military men sat opposite the gunmen and at first did not even touch the food, but later broke bread and even began swapping stories with the gunmen. All this happened in the courtyard of the luxurious home of a man called Abubakar, the director of a Moscow restaurant near the Turist hotel.

"This is how it should always be," Abubakar said dreamily as he observed the idyllic scene of a Russian-Chechen meal.

"We have agreed with Aslan Maskhadov to stop speaking to each other in the language of ultimatums. Thousands of totally innocent people are suffering because of this kind of contact," Aleksandr Lebed said.

Lebed and Maskhadov discussed questions of the disengagement of the Russian troops and the Chechen formations, the clearance of mines from the roads, and the creation of safe passages. It was stressed that it is necessary to create completely demilitarized zones and positions for the opposing sides.

"Aslan and I gave each other our word as officers that we will unquestioningly fulfill everything that we have agreed on here," Aleksandr Lebed said.

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The main danger, in the Security Council secretary's opinion, is that there could be commanders who give their personal ambitions priority over the accords which have been reached and that the war will flare up again.

"We must restore unity of command in the country," Lebed said. He hinted that Pulikovskiy's ultimatum had hardly been coordinated with the country's president.

How do the military regard Lebed's initiatives? We were able to have much informal contact with them and we will therefore not be wrong if we say that most officers take a skeptical view of everything. They are bitter and want a definitive and final victory, but they cannot explain how this is to be achieved without the mass annihilation of the Chechens.

As for the gunmen — and this is something we also saw with our own eyes — Lebed enjoys tremendous prestige among them. When his name is mentioned their faces light up. They say that they are weary and do not want to fight, but if they are pressured they will fight to the last man. They hope that Lebed will succeed in taking full control of the negotiating process.

This war has been going on for 21 months now. The casualties number tens if not hundreds of thousands. Of course you cannot bring the dead back. But we must protect the living. And we got the impression that Lebed understands this perfectly and sincerely wants peace.

The talks promise to be very complex, and there are questions which seem simply insoluble. For example, such questions as the Russian troops' withdrawal from Chechnya. This will require long and persistent work. But Lebed has already achieved one thing: The night of 21-22 August and virtually the whole day of 22 August were startlingly peaceful. Yes, there were exchanges of fire. Military sources who asked specifically not to be named reported officially that there were eight exchanges of fire at Russian fortified posts adjoining the Chechen formations. Four servicemen were killed. But nevertheless the deadline for Pulikovskiy's ultimatum has already passed and the sun is shining on Groznyy. And there are no smoking ruins. This is at least a small victory for common sense over madness.

Russia: Chechnya's Zakayev Eliminating Senior Officials in Groznyy

LD2308065996 Moscow Mayak Radio Network in Russian 0600 GMT 23 Aug 96

[FBIS Translated Text] Our correspondent in North Caucasus Pavel Guskov has just contacted us. Here is his report.

[Begin Guskov recording] It is still difficult to grasp what is going on in Groznyy. As far as one can see, official reports do not give any idea about the real situation. Here is a story by one person who has just managed to escape from Chechnya. This man was arrested by the group of Akhmed Zakayev. He was kept in the basement, which is known as the bunker of the Dagestani security service. He says that Akhmed Zakayev has a list — he has a whole package of lists — and, according to these lists, he is arresting and eliminating senior officials of Doku Zavgayev's government.

This eyewitness saw Former Justice Minister Idris Albasov and Vakha Baybatyrov, an employee of the apparatus of the Chechen parliament, and several other people in the basement. Militants took these people away from the basement, putting sacks over their heads, and the sounds of shooting followed immediately afterward. The eyewitness assumes these people have been shot dead.

He himself had managed to escape simply by a miracle. One of his acquaintances recognized him when he was being dragged to the basement. His relatives managed to find $40,000 and the militants secretly let him go for this money. This person claims that first of all Chechens are being killed, those who at some point in time collaborated with the government. He calls on Aslan Maskhadov, asking the latter — the defeated cannot demand, they simply ask — asking the latter to stop this blood-letting and to stop killing his compatriots. [end recording]

Economic Issues

Russia: Stock Market 'Has Not Reacted' to Yeltsin Health Rumors

MM2208140196 Moscow IZVESTIYA in Russian 23 Aug 96 p 2

[Statement by Aleksey Vlasov, president of the Russian Stock Exchange, made at a press conference 21 August, from the "Correspondents and News Agencies Column": "Quotation: The President's Health Is Not Affecting Share Prices"]

[FBIS Translated Text] "Many rumors are current at the moment about the president's health. People say he is not running the country and it is not him signing the edicts. All this is interesting to the West. But our life is different, and our financial market has not reacted in any way to these rumors."

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Russia: Chernomyrdin Remarks to Government on 1997 Budget

MM2208155696 Moscow ROSSIYSKAYA GAZETA in Russian 23 Aug 96 Weekend Edition p 2

[Report by Aleksandr Velichenkov under the rubric "In the Russian Government": "The Time for Large-Scale Campaigns Is Over"]

[FBIS Translated Text] At the first session of the new government its chairman delivered a short but very meaty speech. One of the cabinet's priorities will be the fine, high-precision tuning of the economy. "We are not starting from scratch. Solid groundwork has been done. In general a pretty good legal and normative base has been created in the most important avenues of reform."

"**The ruble is real money now.** An obvious lowering of the rate of price increases has been achieved."

"The new government is embarking on its activity in a stable political atmosphere that has taken shape in Russia after the presidential elections."

"On the basis of the results of the months that have elapsed so far this year, we have **several tightly knotted bundles of problems** which must be untied without delay. There is the implementation of the budget and budget debts, the crisis situation in the income side of the budget, defaults, disarray as regards payment settlements, the growing role of barter in the economy, the deterioration in the structure of the money supply because of the increased proportion of surrogates of all kinds, and the persistence of industrial decline."

V. Chernomyrdin intends to focus the government's work on all these problems. But that is only part of the question. The social component of the government's work is no less significant, in fact if anything it is more so. "We have neither the moral nor the political right to forget election promises."

The 1997 budget is a new step along the path of reforms, "...one stage of the reform is ending and another is beginning."

A "very difficult process of adaptation of the economy, and indeed society as a whole, to low inflation and a predictable ruble exchange rate" is in progress in Russia. And next year's budget is set on the basis of these preconditions. "This is a historic milestone in itself."

V. Chernomyrdin believes that "the time for large-scale campaigns (such as price liberalization or check privatization) is over." In his opinion "defaults, adjustment of settlement mechanisms, bankruptcies, analysis of the position of major tax debtors, and a great many other questions simply oblige us in very many instances to **work on a case-by-case basis.**" And in this context, in our prime minister's opinion, "...the 1997 budget is more than a budget. It is the main lever for directing the economy onto a footing of economic growth." Its structure already incorporates the following principles:

— appreciable developments in the sphere of tax reform;
— a reduction in the profitability of state treasury bonds and on this basis the creation of incentives for switching the flow of finance into investments in production;
— a real social thrust;
— a much more rigorous balance of income and expenditure.

The 1997 budget, according to V. Chernomyrdin, is "a kind of 'introductory chapter' to the medium-term government program through the year 2000."

The budget and the accompanying documents are due to be submitted to parliament by 31 August.

Russia: IZVESTIYA: Government Eyes Economic, Financial Prospects

MM2208191596 Moscow IZVESTIYA in Russian 23 Aug 96 p 2

[Report by Yuliya Ulyanova: "The Crisis Is Not as Terrible as Its Consequences"]

[FBIS Translated Text] The first session of the new government 22 August 1996 discussed two key questions: the 1997 draft federal budget and the forecast for the country's socioeconomic development. At the same time there was an examination of a set of draft federal laws in the social sphere which are due to be submitted to the State Duma at the same time as the 1997 federal budget.

Characterizing the current situation the Economy Ministry noted that the most acute phase in the profound crisis which has gripped the Russian economy since 1990 is now over. Nevertheless, the threat persists that it could become chronic. "The situation in the economy is contradictory and everything will depend on firm actions to reverse the negative processes, including those influenced by political factors, which developed in 1996," Economy Minister Yevgeniy Yasin said in his report. The Economy Ministry believes it necessary to work on the assumption that the actions needed to overcome the consequences of the crisis will be taken in order that, given a definite political stability, the future prospects will be visible. In that event, the Economy Ministry believes, it may be predicted that the country will enter a fundamentally new phase in its development: the transition from steady stabilization to moderate growth by the end of 1997.

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There are two projections for GDP next year. The first presumes that inflation will remain at the level of February-May 1996 until the end of this year and that tax receipts will rise. If that happens inflation in 1997 will fall to 0.8-1 percent a month, the slump at old production capacities will cease, growth will begin at new capacities and in new markets, and there will be a revival in the investment sphere. Projection two envisages a slower fall in the rate of inflation — to 1.6-2 percent — the continuation of the small slump in sectors of the national economy and the investment sphere, and a continued decline in domestic consumption and investment demand.

Statements about the budget crisis have already become a tradition. But although low tax receipts are usually regarded as the main problem, the federal tax service and the Russian Federation Government's Center for the Economic Situation are highlighting the fact that this is not the cause of the problem but rather the consequence. In fact the contraction of the taxable base should be regarded as the problem: Industry simply does not have the profits from which to pay its taxes. As Vitaliy Artyukhov, director of the tax service, put it, "What can you get from a dead man."

Russia: Banks at Risk, Inflation Deferred Not Beaten

MM2208112596 Moscow SOVETSKAYA ROSSIYA in Russian 22 Aug 96 p 2

[Article by Vasiliy Safronchuk: "Six of One"]

[FBIS Translated Text] On the basis of the canons of orthodox Marxism, the appointment of UNEXIM Bank President Vladimir Potanin as first vice premier responsible for economic issues marks a qualitatively new stage in the restoration of capitalism in Russia - - the merger by way of personal union between the new Russian financial groups and the state. The UNEXIM Bank that Potanin headed is not simply a bank. It is the tip of a financial pyramid based on the most powerful mining complex in Russia — the "Norilskiy nikel" Joint-Stock Company. This accounts for a fifth of world nickel and cobalt production, 42 percent of platinum and other platinum group metals, and a considerable proportion of world copper production. UNEXIM Bank's financial empire also includes the "Sidanko" Oil Company. We would recall that the bank acquired control of the "Norilskiy nikel" Joint-Stock Company and "Sidanko" in the course of last year's shares-for-loans auctions. The bank paid $170 million for 38 percent of common stock and 51 percent of preferred stock — that is, providing control — in "Norilskiy nikel." This is an absurdly low amount, given that the assets of "Norilskiy nikel" [illegible] put by world exchanges at more than $4 billion. Apart from the "Norilskiy nikel" Joint-Stock Company and "Sidanko," the UNEXIM Bank group includes a number of enterprises producing construction materials, and printing and trading firms. The tip of the pyramid is UNEXIM Bank — Russia's fourth largest bank. Its assets stood at 17.7 trillion rubles [R] as of 31 December 1995, and total deposits were R8.1 trillion.

We would recall that the Russian mass media once gave a lot of coverage to the fact that shares-for-loans auctions were being staged with blatant violations of the rules for carrying out such trades — they were more reminiscent of "infighting" between the State Committee for the Management of State Property [GKI] and banks close to the government. This triggered a lot of protests and even lawsuits from the banks that were not allowed to participate in the state carve-up. On 17 February this year the State Duma passed a resolution by 305 votes to three against, calling on the government to maintain control of the "Norilskiy nikel" Joint-Stock Company. But this decision was ignored. Despite the Duma decision, the UNEXIM Bank leadership, using its newly acquired control and with the support of the GKI, replaced Anatoliy Filatov as executive director of the "Norilskiy nikel" Joint-Stock Company and appointed their own man in his place. At the insistence of the bank and the "Norilskiy nikel" Joint-Stock Company board another three bank representatives became directors. The "Norilskiy nikel" Joint-Stock Company board tried to contest this decision in court, but without success. Yet UNEXIM Bank's actions were illegal. The bank is still not the owner of the "Norilskiy nikel" Joint-Stock Company shares, it merely holds them as a mortgage against a loan which it granted the government to cover the budget deficit, and it will only own them in the event of the government's failing to pay off the bank loan by 1 September this year.

The government's generosity toward UNEXIM Bank knows no bounds. A day before Potanin's appointment as first vice premier a presidential edict on the granting to the "Norilskiy nikel" Joint-Stock Company of new tax breaks and other types of financial assistance totaling around R6.9 trillion was signed. Meanwhile the "Norilskiy nikel" Joint-Stock Company's revenues from nickel and copper sales on the world market in 1995 came to $2.4 billion (R12 trillion), and its net profit to R3.9 trillion.

It is interesting to note that the press in Western business circles has unanimously welcomed Potanin's appointment as first vice premier. London's FINANCIAL TIMES wrote that he "will bring fresh and pragmatic ideas to the government's economic policy." It contrasted him with Livshits, who, in its opinion, does not have enough practical experience. At the same

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time, even before the new Russian Government was announced, the Western newspapers were being very uncomplimentary about V. Kadannikov. Thus, the newspaper MOSCOW TIMES — the mouthpiece of U.S. business in Moscow — wrote 7 August that Kadannikov's tenure of the first vice premiership had been ineffective, that he knew little about macroeconomics, rarely appeared before the press, and had failed to instigate any major reforms. As we can see, President B. Yeltsin heeded the Western press advice when forming the new Russian Government.

Potanin's appointment is also being linked to the hopes that he will help avert a crisis in the banking system which, experts believe, could erupt this fall. Admittedly, on 26 July Central Bank of Russia Chairman Sergey Dubinin jauntily stated: "There is no banking crisis, about which there has been so much talk, in the country and no disasters are foreseen in the immediate future." But in recent weeks the front pages of the business press have been full of the following by no means upbeat headlines: "State Destroying Banking System," "Russian Banks Find Death Harder Than Birth" (FINANSOVYYE IZVESTIYA), "Banks Dying For Metal," "Bankers Cry Too" (KAPITAL), "Banks Teeter on Brink of Crisis," "Banking Crisis Claims Another Victim" (MOSCOW TIMES), "Help!" (RUSSIAN REVIEW), "Glitz and Poverty of Russian Banks" (MIR NOVOSTEY), and so forth.

But maybe the newspapers have gotten it wrong, maybe Sergey Dubinin is right. Let's take a look at the facts. According to Central Bank of the Russian Federation statistics, since 1991 there have been 463 banks closed in Russia — 225 had their licenses withdrawn in 1995, and another 160 banks have lost their licenses in the first half of this year. According to Central Bank figures, in early July 430 banks, or 19 percent of the total, were seen as potential "problems." Of these, 105 banks had been served with license revocation papers, and 325 banks had been instructed to suspend certain operations. According to preliminary information, as of 1 January this year these banks' total balance sheet value stood at R60.5 trillion. Some 499 banks, or 22 percent of the total, ended last year in the red. What is particularly alarming is that the "problem" banks or those that have gone out of business included a number of the country's biggest private-sector commercial banks — "AvtoVAZbank," "Unikombank," "Tveruniversalbank," "Kredobank," and so forth. Some of them are on the brink of failure and have been placed in administration by the Central Bank of Russia, while "Tveruniversalbank" has been closed down. Admittedly, there have been rumors that the bank fell victim to a political intrigue, that it could have survived, and that the Central Bank deliberately "murdered" it. Storm clouds have also started gathering over the sixth-biggest bank — "Inkombank." It was shaken but it survived. There is reason to believe that "Inkombank" too was the victim of false rumors put about by somebody. But the reason behind the rumors was the handing to the press of the "preliminary" findings of the audit of "Inkombank" carried out by the Central Bank of the Russian Federation, which showed that it was allegedly in a serious position. It is still unclear whether this was done deliberately or accidentally. Speaking at the "MIR NOVOSTEY" Press Club, an "Inkombank" representative noted in this regard that "some of the mass media relish uncorroborated facts without realizing the damage they do to various financial institutions." But it is not the mass media that is to blame, but those who organize the leaks of uncorroborated facts.

The tense situation in the credit and monetary sphere is due above all to the continuing production slump in industry and agriculture and the enormous budget deficit caused by B. Yeltsin having funded his election campaign through the budget and the colossal noncollection of taxes. The government has covered part of the deficit by confiscating Central Bank profits to the tune of R5 trillion. The Central Bank compensated itself by removing this money from the banks by hiking the so-called "reserve requirement" to 20 percent of total deposits. Ironically, the banks, which generously financed B. Yeltsin's election campaign, have become its first victims. They got more than they bargained for.

The second reason for the tension in the banking sphere is that the budget deficit is being funded by issuing more and more short-term state bonds, that is, by increasing state debt, both domestic and foreign. As a result of their high yields (up to 200 percent per annum, which is 10 times more than the income from investment in similar securities in the West), more and more short-term state bonds are being bought by foreigners. But almost all of the proceeds from the sale of new short-term state bond issues go to redeem issues falling due, and this spiral continues to get worse. According to estimates by FINANSOVYYE IZVESTIYA, as of early August the short-term state bonds and federal loan bonds in circulation were worth more than R140 trillion — R10 trillion of them were held by foreigners, and the rest were held mainly by Russian banks. Yet, according to certain estimates, total ruble bank deposits by enterprises and citizens come to around R170 trillion, of which R25 trillion has been confiscated by the Central Bank in the form of compulsory reserves. Thus, almost all ruble savings by Russian enterprises and citizens have been placed by the banks in state debt instruments!

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One wonders just who in Russia is lending to industry, the agro-industrial complex, and trade?

Private bank liquidity is also being undermined by the fact that the banks are actively acquiring real estate. Any half-way decent blocks in Moscow or St. Petersburg have been bought up by the banks and turned into their offices. Depositors' money is also being spent on acquiring expensive foreign cars, equipment, and so forth. These acquisitions are justified, of course, as being necessary for prestige reasons. In this connection I would recall that in the sixties Andrey Dubonosov, chairman of the Moscow Narodny Bank in London and one of our best bankers, acquired a second-hand but impressive Rolls-Royce. He justified the acquisition by saying that he had to deal with Rothschilds, Morgans, Barings, and other City of London big shots and it would have been awkward for him to have had to have driven up to their offices in an unpresentable car. That would have undermined the bank's credit-worthiness. Someone "spilled the beans" to Moscow, Dubonosov was accused of "bourgeois degeneracy" and virtually lost his job. He was threatened with expulsion from the party. Only the intervention of A. Soldatov, the then Soviet ambassador to London, and the support of the party committee at Soviet institutions in London saved Dubonosov.

As a result of the acute shortage of cash a considerable proportion of trade turnover in Russia (up to 70 percent) is serviced by barter or near money — bills of exchange, that is, debt instruments. In a normally functioning market economy a bill of exchange is commonly accepted tender and bill discounting is normal banking business — a form of credit. But not in Russia. Everyone in our country — enterprises, banks, government institutions in the center and at local level, and other economic components — now use bills of exchange. In 42 regions of Russia they are even used to pay taxes. Bills worth hundreds of trillions of rubles are in circulation. But nobody redeems bills on time as a result of the acute cash shortage, and this is leading to bank failures and enterprise bankruptcies.

Finally, one other reason for the instability of the Russian banking system is the lack of any system of state deposit insurance — a system that exists in all civilized countries. When there is the slightest rumor of a bank being in difficulties depositors rush to withdraw their deposits, which leads to the bank's collapse. Incidentally, there will be no disaster as a result of the failure of private-sector banks in Russia. They are nothing but an artificially created parasitic growth on the Russian economy, which has been used to launder "dirty money" and pump foreign exchange abroad. Savings, loan, and cash functions in executing the budget will continue to be performed by the Central Bank and its local branches, by sectoral state banks and their branches, and by the Russian Federation Bank for Labor Savings and Credit to the Population and its branches throughout the country. They will handle the accounts of ministries, departments, local administrations, and other organs of power. These things are currently handled by so-called "authorized" private banks, which shamelessly speculate with budget money to make a profit.

Messrs. Chernomyrdin and Livshits present the government's main achievement has having been to cut inflation to less than 1 percent a month. They assure us that the government has not resorted to the printing presses for several months now. But that is a sheer trick aimed at not very well-informed people. Even the poorest economist knows that a real fall in inflation can only be achieved by eliminating the budget deficit and balancing the supply of goods and money. But in Russia the decline in price growth has been achieved by replacing money with near money and increasing wage arrears — that is, by stoking deferred demand for goods and services. If workers and employees continue not being paid, then prices will start falling. But if all the salary arrears are really paid off and all the bills of exchange are redeemed in cash, then overnight prices would leap many times over and hyperinflation would set in once again. In 1992-1995 there was inflation and wages failed to keep up with price growth. But people were still paid their wages. Now prices are growing more slowly, but wages are not being paid at all. It's six of one and half a dozen of the other. Either Messrs. Chernomyrdin and Livshits take us for fools or their economic knowledge is at the level of the well-known Aunt Sara from Odessa who considered herself smarter than Marx because she was an elderly economist, while Marx was merely an economist. Sooner or later the gigantic and ever-increasing pyramid of debt — debts owed by the state to budget-sector workers, debts owed by enterprises to their workers and employees, debts owed by the power-generating sector to miners, oil workers, and gas workers, debts owed by energy consumers to power workers, debts owed on bills of exchange, Russia's foreign debt, and so forth — will collapse and bury what is called the Russian market economy beneath it.

The trouble is that our home-grown Rockefellers and Duponts and the power structures that are growing up with them are trying to take a crash course in capitalism. They want to achieve in four or five years what took the real Rockefellers and Duponts a century. The people cannot stand that pace. In the past few days the people of little Jordan rose up after that country's government, on IMF instructions, abolished its bread subsidies and doubled bread prices. The Russian people, for all their

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long-suffering nature, will take no less resolute steps if the capitalist screws are turned still tighter.

Russia: Energy Sector Financial Plight Viewed

MM2208132196 Moscow FINANSOVYYE IZVESTIYA in Russian 22 Aug 96 p II

[Report by Aleksandr Rubtsov: "Country's Energy Supply Under Threat"]

[FBIS Translated Text] A catastrophic financial situation is taking shape in the sector's electrical power sector. Nonpayments for electricity which has been issued have reached critical volumes. As was the case two or three years ago, nothing is changing except the stability of the power grids.

In experts' opinion it is not changing because no one knows how to change it. Rebukes to the energy monopolists claiming that they are stifling industry with their tariffs could quite well be addressed instead to the state, to which electricity essentially belongs. And which in the shape of the government should be coping with its economy. But the whole trouble is that in recent years economic life at federal and regional level has proceeded on the principle of "just getting through the day."

There is no answer to the question of what to do about energy. Ideas of scaling it down and handing it over to private hands are coming up against fears of the collapse of the economy as a result of the clash of state and private interests. Attempts to create state policy in the sector can so far be considered to be no more than empty declarations.

The problems of the "YeES" Russian joint-stock company are closely interwoven with the problems of the regional authorities and industry. It is useful for the latter to have the problem of "stifling tariffs" on the agenda — that enables them to ask the state for additional financial injections. In turn the "YeES" Russian joint-stock company, in the absence of money from the budget cannot but try to derive the maximum profit from the electricity it sells. Since so far these sales are its only source of the means of existence.

This source is unreliable, however. Whereas in 1995 some 23 percent of supplies of electricity were paid for in real money, this year only 12-16 percent of electricity is being paid for in this way. For the sector's normal functioning it is essential that at least 30 percent of the electricity that is released be paid for. As a result the reliability of energy supplies is declining steadily in the country. The sector's reserve lifespan is assessed now at two to five years whereas five years ago it was 30 years.

There are just 20 grids in the country with a surplus of energy while there are 52 with not enough. But it is illogical to blame the economic situation — the imbalance was set up 30 years ago. The procedure of "switching" electricity and of equal tariffs used to exist in the previous economic system. When we switched to a market footing the energy giants had an attractive opportunity to sell energy to neighbors in need of it.

In the early nineties on the basis of foreign experience a system of federal and regional energy commissions was created whose main aim was to put payments for energy in order. In experts' opinion the effectiveness of the system which was operating was low since the regulation of tariffs requires constant work on the part of specialists while the commission was convened only once a quarter.

Since April this year the former Federal Energy Commission has lost its powers. A presidential edict and a government decree created a new energy commission. But there was no one to examine and receive the large number of various documents and the new federal energy commission remained on paper alone.

Energy officials were hostage to their own economy. The government, which should above all have been concerned for the executive discipline of its own decrees, let the matter take care of itself. As a result the pile of problems accumulated last year has resulted in the first half of this year in the 20 most effective power stations and 10 most effective energy systems running at a loss. Incurred debts rose from 44 billion rubles [R] at the start of the year to R72 billion right now. Here more electricity was generated than last year.

The actual budget deficit, which differs considerably from the estimated deficit, is a heavy burden on the sector. The government's tough anti-inflation policy was possible through the use of internal reserves, one of whose sources was electricity. And that source is beginning to run out.

Parliamentary hearings in May this year were devoted to electrical power problems. They noted that reliable energy supplies for the country's enterprises and population are under threat. The crisis in Maritime Kray has shown how real that threat is. Unfortunately, Maritime Kray could be the first harbinger: Konakovo, Ryazan, and Kostroma electrical power stations have no coal reserves. Because of the decline in the water level in Russian rivers, the generation of electricity at hydroelectric power stations has declined by 30 billion kilowatts. Stoppages in energy supplies have long become customary in the Russian regions. But winter lies ahead.

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International Affairs

Ukraine: Kuchma Calls For End to Contradictions With Russia

LD2308092096 Moscow ITAR-TASS in English 0905 GMT 23 Aug 96

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV August 23 (Itar-Tass) — Ukrainian President Leonid Kuchma said on Friday that relations with Russia remain a priority for Kiev and called to eliminate contradictions between the two former Soviet republics so that bilateral relations could develop successfully.

"The main place in the system of Ukrainian foreign policy priorities is occupied and will be always occupied by CIS countries and Russia, in particular", he told the official Ukrinform news agency in connection with the 5th anniversary of the proclamation of Ukrainian independence.

"Time has come to finally draw a line under everything which divided us and take Ukrainian-Russian cooperation to such a level which is expected not only by our peoples, but also by the international public", Kuchma said.

The major apple of discord between Kiev and Moscow is the disputed Black sea fleet and its main base of Sevastopol, Crimea.

Other foreign policy priorities of Ukraine are relations with the United States, Germany and other G-7 members.

Relations will be strengthened also with leading Asian states, mostly with Japan, China, India and South Korea, according to Kuchma.

Ukraine: Russian Commander Discusses Division of Black Sea Fleet

LD2208130596 Moscow ITAR-TASS in English 1244 GMT 22 Aug 96

[By Lev Ryabchikov]

[FBIS Transcribed Text] SEVASTOPOL, August 22 (Itar-Tass) — Terms and parameters of the second stage of the Black Sea Fleet division were coordinated by the Russian and Ukrainian sides during consultations on problems of the Black Sea Fleet by military delegations in Sevastopol. The Russian delegation is led by Commander-in-chief of the Russian Navy, Admiral of the Fleet Feliks Gromov. The Ukrainian delegation is headed by Ukrainian Deputy Defence Minister, commander of the Navy Vice Admiral Vladimir Beskorovainy.

In a statement circulated by the press centre of the Black Sea Fleet, Gromov said the purpose of consultations is to elucidate views of the sides on Black Sea Fleet problems and find their mutually-acceptable solution. Experts continue specifying the number and qualitative composition of ship and on shore infrastructure being turned over to Ukraine. Experts believe the decisive stage of the fleet's division is nearing. After that it will acquire the Russian status, and St. Andrew's flag will be hoisted on the remaining ships. Terms for its basing in the Crimea must be defined.

On the same day the commander-in-chief in the Russian Navy laid wreaths at the memorial to Sevastopol's defenders and to the memorial sign in tribute to the tercentenary of the Russian fleet.

Ukraine: Experts Say 40 Percent of Ships Given to Ukraine Broken

WS2308080296 Lvov INFOBANK in English 0612 GMT 23 Aug 96

[From the "News Service" feature]

[FBIS Transcribed Text] Only some of the issues related to the Black Sea fleet division were resolved at the August 22 meeting of Ukrainian and Russian experts held in Sevastopol. The experts split on the evaluation of the technical condition of vessels handed over to Ukraine at the first stage of the division. In Ukrainian experts' assessment, about 40 percent of vessels are not serviceable.

The experts' meeting lasted two days, August 21 and 22. The Ukrainian team was headed by the Ukraine's Navy Commander, Admiral Volodymyr Bezkorovaynyy. The Russian team was headed by Admiral Feliks Gromov, Russia's Navy Commander. Among other issues, the teams discussed proposals on the second stage of Black Sea fleet division.

Ukraine: China Presenting Demarche to Government on Chan Lien Visit

LD2208194096 Kiev UNIAN in Ukrainian 1710 GMT 22 Aug 96

[FBIS Translated Text] Kiev, 22 Aug — The Government of China is presenting a demarche to the Ukrainian Government in connection with the stay of Taiwanese Premier Chan Lien in Ukraine, according to an explanatory message from the Chinese Embassy in Ukraine, which has been made available to UNIAN. The message says the consent of the Ukrainian side to give Chan Lien entry to the country "seriously violated the Chinese-Ukrainian communique on establishing diplomatic relations" which contains assurances as regards that Chinese territory.

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"The visit to Ukraine by Chan Lien, premier of Taiwan, and the fact the title of an honorary doctor of Kiev University was conferred on him, were pursuing pronounced political aims," the document says. At the same time, it expresses belief that the "attempts by the Taiwanese leaders to pursue by all means the policy of 'two Chinas','one China and one Taiwan'" are doomed to failure. The document says Beijing is resolutely against other countries which have diplomatic relations with China establishing official relations or maintaining official contacts with Taiwan.

Ukraine: CIS Support for Ukraine Stance on Russia-Belarus Accord

LD2108202196 Kiev UNIAN in Ukrainian 1430 GMT 21 Aug 96

[FBIS Translated Text] Kiev, 21 Aug — CIS Executive Secretary Ivan Karatchenya supports Ukraine's position on the customs union and treaty between Russia and Belarus. He stated today at a meeting with First Deputy Prime Minister Vasyl Durdynets that, in a situation when the pattern of relations within the CIS has been effectively shaped, Ukraine's opinion, as an associated member of the CIS, is important.

In his turn, Durdynets supported the opinion of Karatchenya that it is necessary to authorize the CIS Secretariat to exercise control over the execution of agreements which are being signed. He said that, during the preparatory period for the summit of CIS heads of state and government, it is necessary to find a mechanism to implement the documents that have been signed.

According to preliminary information, the summit of heads of state and government is scheduled for 6 December. The final date of the summit will be set at a meeting of the Council of Heads of Government in October.

Ukraine: Agreement With Turkey on Construction of Oil Pipeline

LD2108122296 Moscow ITAR-TASS in English 1136 GMT 21 Aug 96

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV, August 21 (Itar-Tass) — Ukrainian and Turkish experts have on the principle agreed upon the wording of an intergovernmental agreement on cooperation in the construction of a pipeline between the Turkish Mediterranean and Black Sea coasts, Itar-Tass learned at the Ukrainian "Ukrzagranneftegazstroy" oil company on Wednesday.

The pipleine will transport 100 million tons of oil a year and will in some two-and-a-half-years provide Ukraine with Middle East oil.

The agreement is expected to be signed during Ukrainian President Leonid Kuchma's visit to Ankara at the end of the year.

Under the draft agreement, the Ukrainian side will make a layout, conduct general construction works and deliver pipes and equipment.

The orders are to be placed with Ukrainian plants. The experts believe that the expenses will be justified in five years.

The transportation of each ton of the Middle East oil through the system of pipelines will be 19 U.S. dollars cheaper than if delivered by sea, the specialists say.

Ukraine: Government Backs Preserving Moldova's Territorial Integrity

LD2008202396 Moscow INTERFAX in English 1715 GMT 20 Aug 96

[FBIS Transcribed Text] Kiev, August 20 (Interfax-Ukraine) — Ukraine proceeds from the provisions of the Helsinki Act and international law when it comes to Trans-Dniester settlement. Ukraine also advocates the preservation of Moldova's territorial integrity.

A statement to this effect was made at a briefing in Kiev Tuesday by acting head of the CIS Directorate of the Ukrainian Foreign Ministry Stanislav Lazebnyk.

Mr. Lazebnyk attended the working consultations at the Ukrainian Foreign Ministry last week with the delegation of the self-proclaimed Trans-Dniester Moldovan Republic.

According to the Ukrainian diplomat, the stands of Chisinau and Tiraspol diverge on the key issue — that of the status of Trans- Dniester. While the leaders of Moldova come out for granting Trans-Dniester the rights of an autonomy within a single state, the leaders of the self-proclaimed republic uphold the proposition of "a common state with the division of powers sealed by agreements and confirmed by the guarantor countries."

Mr. Lazebnyk emphasized that the question of the status of Trans-Dniester should be resolved solely in the course of talks between Chisinau and Tiraspol. According to him, "Ukraine assists in drawing up this status, but does not define it." Ukraine favors that this problem "should be settled as soon as possible," the Ukrainian diplomat said. In this connection, Stanislav Lazebnyk noted that the leaders of the Trans-Dniester region also advocate a preservation of the inviolability

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of Moldova's external borders and "do not put in territorial claims to Chisinau." Mr. Lazebnyk said that the next meeting of the Ukrainian-Moldovan commission for trade and economic cooperation slated in Chisinau in September, in keeping with the proposal of its Ukrainian co-chairman, Vice-premier Anatoliy Kinakh would be also attended by the leaders of the local administrations of both Moldova and Trans-Dniester and the Odessa and Vinnytsya regions (bordering on Moldova — IF-U note.)

The Ukrainian diplomat recalled that his country had long prepared a draft agreement of border trade with Moldova, yet it had not been signed so far.

In the course of the consultations in Kiev, the question was also discussed, on the initiative of the Trans-Dniester delegation, of setting up in Tiraspol of Slavonic Studies University, which presupposes the signing of an intergovernmental agreement between Ukraine, Moldova, Russia, Belarus and Bulgaria.

In the opinion of those who proposed that the university be founded, it's main aim would be a study of Slav culture. Special accent is laid on making impossible discrimination of non-Slav population, in particular of Moldovans, in the implementation of the project.

In the opinion of the chief of information department of the Ukrainian Foreign Ministry, in examining the concept of founding such a university, "there is a possibility of drawing an analogy with the Christian universities whose ramified network has long existed all over the world." The religion of the students under training at the future university will be of no significance, the diplomat emphasized.

National Affairs

Ukraine: CIS Executive Secretary Meets With Kuchma, Foreign Minister

LD2208193796 Moscow INTERFAX in English 1525 GMT 22 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Leonid Kuchma says the Commonwealth of Independent States has not run out of its potentials yet, Kuchma told CIS executive secretary Ivan Korotchenya who was on a brief visit in Kiev.

Kuchma called for equal conditions for all member states, presidential spokesman Dmitriy Markov quoted him as saying.

For his part, Korotchenya in an interview with Interfax said that a possible readjustment of CIS relations was also discussed.

He said such corrections were needed after some member states signed two or four-nation agreements, but these would not affect the Commonwealth as a whole or affect "anyone's interests."

The secretary said the CIS was here to stay and called for normal work without any pressure.

Korotchenya said he would report about the outcome results of his trips to member states to their leaders before they meet for a summit in Minsk in December.

Korotchenya also held talks with Ukrainian Foreign Minister Hennadiy Udovenko, with the issue of concerted CIS effort high on the agenda.

Ukraine: TRUD Interviews Ukraine's Moroz

MM2208145096 Moscow TRUD in Russian 22 Aug 96 pp 1-2

[Interview with Ukrainian Supreme Council Chairman Oleksandr Moroz by TRUD correspondent Stanislav Prokopchuk in Kiev; date not given: "Russia Is a Priority Partner for Ukraine"]

[FBIS Translated Text] [Prokopchuk] On 24 August Ukraine will celebrate the fifth anniversary of independence. The Ukrainian press has repeatedly voiced the idea that the red-letter day should be observed "with dignity, but modestly." What is your opinion on the subject?

[Moroz] Not only do I concur with such an approach, I actually coined the formula. The significance of a historic event is determined not by the scale of festivities, receptions, or fireworks. This is especially inappropriate now, when we are experiencing a profound economic crisis, the state budget is not being fulfilled, and millions of citizens are suffering from overt or hidden unemployment and have not been getting their wages or pensions for months. With inflation, everybody here has become a "millionaire".... The people invested with power who are in charge of the economic policy of the country or a region must learn to spend every state kopek sensibly — in the final analysis, this is taxpayers' money.

[Prokopchuk] Nevertheless, Independence Day will be celebrated, albeit without pomp. What have these five years been like for you?

[Moroz] It has been by no means always a joyous time, but an interesting one. As cochairman of the Constitutional Commission and chairman of the Supreme Council, I not only coordinated the constitutional process and channeled it in a civilized direction, but also did what I could to ensure that the basic law incorporated provisions enshrining the development of democracy and

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parliamentarianism, guarantees of human rights, separation of the branches of power, and mutual checks and balances. I am pleased that a new date — 28 June — has appeared in our calendar of important events. On that date the Supreme Council adopted Ukraine's Constitution and proved its own significance as the single organ of legislative power of a democratic rule-of-law state.

[Prokopchuk] Oleksandr Oleksandrovych, how do you assess the country's present socioeconomic situation?

[Moroz] A deep crisis in all spheres of social life and primarily in the economy continues in Ukraine. This affects the people's social situation, the public mood, and political trends, and exacerbates contradictions. The minimum wages and pensions do not meet the subsistence level norms. This gives rise to tension and often leads to protest actions by budget-funded workers and mass miners' strikes.

The decrease in the volume of GDP is particularly disturbing. In January-May this year it fell by 9.1 percent. This means a decrease in the state's income and expands the budget deficit, although we are trying to keep to the adopted parameters....

The errors in this year's draft budget are already evident today. In a speech at the last session I said that a sum of over a quadrillion [karbovantsi] had somehow been omitted in the budget. There were accusations and articles claiming that my "figures were wrong" and had invented something. Nobody, however, raised any specific objections. It is now clear that the miscalculations in question are surfacing, including in the form of wage arrears. We need to seek the precise cause of the discrepancy between income and expenditure sides of the budget.

Or take the use of foreign credits to pay wage and pension arrears. This is a forced step, of course, but it is completely useless economic management.

[Prokopchuk] The second anniversary of Leonid Kuchma's election as president was a few days ago. How do you assess his attempts to unravel the knot of the socioeconomic problems?

[Moroz] The president had good intentions. With regard to support for our domestic producers, tax and price policy, a changed export and import structure, and the more intensive development of high technologies in production. All of this could not but draw the attention of people who understand such problems. The deputies' support was quite natural. Although even then, in 1994, certain alarming tendencies associated with the liberalization of the economy and liberalization of prices could be seen. In time, former Prime Minister Yevhen Marchuk started talking about the need to amend the economic policy. However, the proposed amendment immediately came under massive fire, without revealing the crux of the matter. As time went on, we began to witness a more active offensive against people's social rights and domestic producers and the further transformation of Ukraine into a raw materials appendage of the developed countries.

Just look at the structure of production. We still tend to manufacture products that are considerably more energy-intensive than in other countries. Can we put up with such a situation? I think that the president himself does not want this to continue. Our external debt is already over $8 billion. Apart from that, there are also rescheduled debts. Given the degradation of production, this is an ominous sum....

[Prokopchuk] Yet the current debt for Russian gas has been considerably reduced. How do you assess in general the present Ukrainian-Russian trade and economic relations? Have all the obstacles to our goods been removed, has integration intensified, and have Russian capital investments in the Ukrainian economy increased?

[Moroz] Russia has been and remains our priority trade and economic partner. Russia accounted for about 38 percent of our exports in the first five months of this year. Russian goods account for 45.8 percent of our imports. Of course, energy sources constitute one-half of that amount. Russian investments in our economy increased by more than 50 percent in the first quarter, though they are still less than one-half of U.S. investments.

I believe that everybody now realizes the futility of politicizing economic relations between our countries. Expediency, mutual advantage, and competitiveness are coming to the fore. I think that the more active development of joint production systems and the restoration of production sharing wherever economically expedient will promote the development of good (I would rather they were fraternal) relations between our states.

[Prokopchuk] What place is assigned to the regions, especially border regions, in deepening and expanding trade and economic ties with Russia?

[Moroz] This will definitely be one of the most serious trends in interstate economic relations. Western countries, including Germany, France, and others, also show increasing interest in the potential of regions and their degree of independence. Because at the local level, especially where enterprises have become joint-stock companies, production contacts are easier to establish.

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[Prokopchuk] One last question. Oleksandr Oleksandrovych, what is your forecast for the development of the Ukrainian-Russian relations? Won't they be adversely affected, in particular, by the fact that Ukraine's new constitution does not grant the Russian language the status of second official state language, as Leonid Kuchma promised during his election campaign?

[Moroz] All objective factors making for tension in relations between our countries have now been practically removed. A favorable period has now begun for strengthening and deepening trade and economic, scientific and technical, spiritual, and cultural ties. Most extensive opportunities are opening up for integration, mutual investment, joint manufacture of competitive products, and the introduction of modern technologies. There are good prospects for cooperation in the spheres of aircraft production, shipbuilding, and agricultural machine building, and for the revival of cooperation in the military-industrial complex. These intentions must be boosted by both sides. Life itself ordains that we be together. There is nothing to divide us.

As for the constitution.... It is ridiculous to say that it can in any way hamper comprehensive Ukrainian-Russian relations. The whole world is not bothered by our constitution, but it bothers a few idle politicians? It is their right, let them talk. Let us be precise. Yes, the Ukrainian language is the state language. The state ensures the comprehensive development and functioning of the Ukrainian language in all spheres of social life and throughout Ukrainian territory. But the same article also guarantees the free development and use of the Russian language and other languages. There were attempts to reinforce the status of the Russian language when the constitution was under discussion, one might agree with them, but probably the optimum solution was found. The state promotes the study of languages of international communication. Russian is among those languages.

Thus Ukraine's Constitution as the country's supreme law created and enshrined in the new political conditions all preconditions for deepening fraternal relations between our states.

Ukraine: Lazarenko Tour of Southern Regions Detailed

WS2308084996 Kiev URYADOVYY KURYER in Ukrainian 15 Aug 96 pp 1, 2

[Report by Volodymyr Ilchenko: "We Are Sowing Grain for the Future Today"]

[FBIS Translated Text] The weather has divided Ukraine into two parts: Southern Ukraine is being suffocated with drought, but western and central parts of Ukraine are choking on rain.... Ukraine Prime Minister Pavlo Lazarenko's working trip to the southern oblasts — Kherson, Mykolayiv, and Odessa — disclosed a number of additional, purely "human" and subjective problems. In Kherson and Mykolayiv, Pavlo Lazarenko met with oblast administration officials and presented to them Oblast State Administration Heads Yuriy Karasyk and Mykola Kruhlov who had been appointed by presidential decrees. The prime minister visited the "Khersonskyy Kombayn" [Kherson Combine] joint stock amalgamation in Kherson. He visited an agricultural engineering exhibition in the "Elita" scientific production amalgamation in Odessa Oblast and was shown various types of winter wheat in the grain stockyard of the same "Elita" scientific production amalgamation. In Odessa, the prime minister participated in a scientific-practical conference on increasing grain production and held a short meeting with oblast state administration heads.

The leap year turned out to be merciless for the bread-giving Ukrainian soil. Sowing areas of six southern oblast have been burnt out. Meanwhile, in central oblasts 240 mm of rain were observed within a month and a half. Due to excessive humidity, Rivne Oblast began the harvesting campaign as late as last Friday [9 August]. The gross grain yield in 1996 is expected to be 30 million tonnes. The grain yield in the southern regions slightly exceeds 16 quintals per hectare, although in better years this figure was two-fold higher. As we know, it is not possible to change meteorological conditions. However, in addition to life-giving water, southern oblasts sometimes lack organizational skills. Idleness drains blood out of soil just as drought does. For two years, 300,000 out of 485,000 hectares of watered areas in Kherson Oblast were not cultivated. Some 500,000 hectares of arable land in Kirovohrad Oblast are also in a bad state. There are plenty of these kinds of farms in Oleksandriyskyy rayon. The yield capacity of the land has fallen to six quintals per hectare. Basic technological requirements for growing wheat are not observed. And this is the state's center of wheat production. Responsibility for this kind of situation in the region rests on the oblast leaders.

Ways of reconstructing the basis for grain production were discussed at the Odessa conference. The conference was attended by government officials, oblast state administration heads and their deputies for agricultural issues, scientists, representatives of agricultural enterprises, and chemical enterprises managers. The conclusions reached at the conference will be analyzed and generalized. However, as for today we understand that the situation requires that decisive extraordinary mea-

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sures be undertaken by the government which then should be actively supported in the provinces.

The prime minister pointed out that the state will support only those farms which are capable of operating. This assistance has also been envisioned in the 1997 draft budget. Currently, there are approximately 33 percent of enterprises in Ukraine which — regardless of the complex situation — have managed to preserve their position at an appropriate level under market conditions. There are another 33 percent of "mediocre" enterprises. The rest of the enterprises can hardly breathe. However, according to a manager of one of the enterprises, the yield capacity of grain crops depends 85 percent on the human factor. Only in 15 percent does it depend on nature.

The prime minister underlined that production volumes envisioned by state contracts which stand at 5 million tonnes will be met under any circumstances. However, financial assistance will be rendered only to those oblasts which fulfill state contracts at the 60-percent level. Particularly Mykolayiv Oblast remains outside of the circle of oblasts which are efficiently meeting their obligations to the state. At the same time, Mykolayiv Oblast has plans to sell around 120,000 tonnes of grain somewhere to Russia's Tyumen Oblast.

It is hardly possible to improve the indicators of the 1996 yield. However, it is worthwhile to take care today of next year's yield. There is a real opportunity to significantly increase the areas covered with winter crops by expanding the sowing areas in Kherson, Kirovohrad, Mykolayiv, Lugansk, and other oblasts. In addition, we are placing our stake precisely on high-yield winter wheat.

The prime minister also informed the audience that a mechanism for subsidizing livestock production from the budget is being developed. This mechanism will be submitted for discussion by the Supreme Council.

Discussions have been held for several years about the necessity to produce our own Ukrainian combine harvester or at least on mastering its production jointly with a Western partner. Meanwhile, the combine machinery pool is becoming obsolete and grain crop losses during harvest campaigns are increasing. Every year the machinery pool should be replenished by 4,000-5,000 new machines. The traditional links with Russia do not help us out. Some 2,900 "Don-1500s" produced by the Rostselmash plant were bought by Ukraine in 1995, but 1,000 of them never made it into the field. A miser, so to speak, has to pay twice.... This year we are wiser and use the services offered by Western companies, spending $470 million. Some $270 million of this sum was taken under governmental guarantees and the rest came from commercial structures.

There is no need to describe harvesting miracles performed by the U.S. "John Deeres," the German "Dominators" and "Jaguars," or the Canadian "Westerns." To the prime minister's question about the drawbacks of "John Deere" combines, our combine operators, who are accustomed to the imperfect Soviet machines, answered: "None!"

Machines produced by various firms were exhibited at the "Kherson Combines" joint stock company. However, experts' attention was drawn to the "John Deere," which had been already tested on the Ukrainian fields. An experimental sample of the "Slavutych" combine constructed by the "Pivdenne" design bureau, according to the bureau's general designer Mykhaylo Konyukhov, does not lag behind the U.S. equipment and gives us grounds to be proud of ourselves and to believe that we are also capable of constructing high-quality equipment. However, according to the prime minister, too much time will be spent on mastering its production. It is not worthwhile to invent our own bicycle, but it is expensive to buy somebody else's. In addition, due to purchasing the equipment, $270 million was not deducted for the budgets of various levels, as well as for the Pension Fund.

The most optimal resolution of this issue is: at the beginning to initiate the assembly of combines and then proceed to the production of 80 percent of a Western combine at a Ukrainian enterprise. Ukraine's demand is limitless. In order to renew Ukraine's combine machinery pool which requires 30,000 machines, all the combine-manufacturing companies in the world would have to work for two years. Therefore, according to Pavlo Lazarenko, the state can guarantee the sales of this equipment in Ukraine. It is also necessary to pursue a flexible customs policy in order to make importing ready equipment unprofitable. It is expected that the tax imposed on imports of this kind of equipment will be equal to 150 percent of its price.

An exhibition of agricultural equipment which was held in the backyard of the "Elita" scientific production amalgamation proved that it is not always worthwhile to invent our own things, given that we will hardly catch up with or overtake the world producers of agricultural equipment. Joint production gives the best results. Nevertheless, we were able to observe very pleasant exceptions. The prime minister was shown samples of German and German-Ukrainian disk harrows, combined units for soil cultivation, plows, and sowing machines. Purely Ukrainian products were also presented: sowing machines produced by the Lugansk-based "Klen" and

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the Kirovohrad- based "Chervona Zirka" [Red Star] companies. According to experts, sowing machines produced by "Klen," sprayers produced in Lvov, and sowing machines produced by the Ukrainian-Slovak "Ahro" joint stock company from Vinnytsya have very good prospects. Meanwhile, the Kirovohrad production, as well as equipment of the "Odesahruntomash" joint stock company, look obsolete — to say the least. Prices of domestic and foreign products are similar, but the quality of our products lags behind. Therefore, as Lazarenko underlined at the conference, the state is not going to finance the production of obsolete equipment. The activities of the Ministry of Machine Building, Military-industrial Complex and Conversion with regard to the production of agricultural equipment are unsatisfactory.

The battle for the 1997 harvest begins now, in the middle of the 1996 harvest campaign. However, as we know, the harvest depends on fuel. According to the prime minister, Ukraine is to obtain 250,000 of white oil products. We have signed an agreement with the U.S. Eximbank on the Ukrainian government's guarantees on the loan for conducting the 1997 harvest. Ukraine has an opportunity to obtain $252 million, and the activities of the governmental commission led by Agriculture and Foodstuffs Minister Anatoliy Khorishko are oriented toward it. In general, we need 1.2-1.3 trillion tonnes of white oil products for the future harvest.

Judging by everything, Kherson Oblast will be granted foreign assistance under the government's guarantees. At least this was the topic of the conversation between the prime minister and [Kherson Oblast Administration Head] Yuriy Karasyk.

Unfortunately, the Ukrainian banking system turned out to be unable to support Ukrainian villages. The unsatisfactory operation of the "Ukrayina" specialized agricultural bank was mentioned during the tour. According to its Chairman Viktor Kravets, current credit funds are enough for only one or two oblasts. The bank is not capable of playing a positive role in attracting foreign investments to Ukrainian villages and in handling credit lines worth $500-700 million.

Representatives of chemical enterprises, as well as Industry Minister Valeriy Mazur were instructed to develop a mechanism for providing the agricultural sector with fertilizers.

To a significant degree, future yield depends on the general economic situation in the country. During a meeting with oblast leadership, oblast administration heads, scientists, and farm employees, the prime minister spoke about measures undertaken by the government regarding socioeconomic policy, particularly measures aimed at reducing budget expenditures. Thus, we will be faced with an unpopular, but highly needed resolution on increasing the workload of education sector employees. Indeed, it is not clear why five years ago 26 pupils were taught by one secondary school teacher, while today 20 pupils are taught by one teacher of the same level. As for institutions of higher education, these figures are correspondingly 14 and 10 students. Under these circumstances, even if the budget deficit is eliminated, the state will still be unable to pay budget sector employees their wages for the last one and a half months.

The prime minister also spoke about measures aimed at increasing budget revenues by restoring order in the production and trade of spirit and tobacco products. Thanks to the government's activities, 17 trillion karbovantsi [K] were deducted to the Pension Fund within one month and wage arrears were decreased by K2.8 trillion. The revenues to the national treasury increased by K42 trillion.

The program of the government's activities, currently in the drafting stage, for the first time in five years envisions a 1.7-percent GDP increase. In addition, the feasibility of this kind of increase is based on supporting domestic producers, particularly those in the agricultural sector.

Ukraine: Kuchma, Tatar Leaders Discuss Repatriation Problems

LD2108130296 Kiev UNIAR in Ukrainian 0725 GMT 21 Aug 96

[FBIS Translated Text] Kiev, 20 Aug — Ukrainian President Leonid Kuchma has met with Refat Chubarov, deputy chairman of the Crimean Supreme Council, and Detsur Arifov, leader of the Kurultay faction in the Crimean parliament. They discussed the repatriation of Crimean Tatars and problems concerning the accommodation of repatriated families. Both sides acknowledged that Ukraine remained the only CIS country to provide assistance to deported nations. One country is not strong enough to solve this problem fully, however. In view of this, Kuchma stressed the importance of drawing international attention to the socioeconomic plight of Crimean Tatars and attracting international aid for the repatriation of deportees.

Ukraine: Crimea Refuses To Fly Ukraine's Flag Over Parliament

LD2108124096 Moscow INTERFAX in English 1130 GMT 21 Aug 96

[FBIS Transcribed Text] Simferopol, August 21 (Interfax - Ukraine) — Crimean Parliament Speaker

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Yevheniy Suprunyuk and Ukrainian President's Representative in the Republic of Crimea Dmytro Stepanyuk shall bear all responsibility for the failure to hoist Ukraine's national flag over the Supreme Council of Crimea.

This was disclosed at a press-conference yesterday by Leonid Pilunskiy, head of the Crimean regional branch of Ukraine's Popular Rukh.

Earlier, pro-Ukrainian organizations of Crimea demanded that Ukraine's state flag be hoisted over the parliament, and declared the intention to picket the building in case of the refusal to do so. Yet, Crimean Speaker Suprunyuk requested to postpone the protest action, which has not been authorized by the Simferopol city executive committee.

"A paper war has been unleashed, when some people say the flag will be hoisted, while the others — that this will never happen", L. Pilunskiy said. Those, "who do not abide by Ukraine's Constitution", are unwilling to hoist the national flag of Ukraine, he added. That is why, the Crimean Rukh leader underscored, it is impossible to demand that Ukrainian citizens resident in Crimea be law-obedient, "if the parliamentary leadership itself violates the laws".

Ukraine: Government Amends Privatization Rules in Agriculture

LD2208193496 Kiev UNIAN in Ukrainian 1445 GMT 22 Aug 96

[FBIS Translated Text] Kiev, 22 Aug — The World Bank made the decision to grant Ukraine a credit of $300 million for the restructuring of agriculture, in view of the fact that the government amended the policy of privatization in the agroindustrial complex, a source in the Ukrainian Government has told UNIAN.

According to the source, the changes deal with the procedure for sharing out land and providing plots of land in kind. Although the latter is not envisaged by the existing legislation, about 2,000 collective and state farms will have to provide individuals with private plots of land by the time the second tranche of the credit is obtained (the credit is planned to be granted in two tranches).

It is also envisaged that the currently valid norm, under which businesses can sell their land only six years after it has been obtained, will also be cancelled until the second tranche is received. The source did not specify when the credit will be granted.

Economic Issues

Ukraine: Columnist Views Presidential Edict on Tax Reform

WS2008144796 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 15 Aug 96 p 5

[Report by Robert Vasyl: "New Taxes — New Policy" — first paragraph is VSEUKRAINSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] The edict "On Measures To Reform Tax Policy" that was signed recently by the president has not elicited much reaction. Maybe it was because of the Olympic battles in Atlanta or the political slowdown in August. Meanwhile, that document may very well become momentous for our state.

For the first time since Ukrainian independence was proclaimed, the intention was announced at a high government level to finally bring order to the national tax system. And this is exactly the thing that both our businessmen, hiding in the "shadow economy" from the present tax anarchy, and foreign investors, who finally want to know how taxes are paid in this country so that they can invest, awaited for a long time.

Truth be told, the presidential edict itself has no direct legal power, and it will not change the tax collection system immediately. However, it sent quite specific directives to the Cabinet of Ministers on drafting new normative acts and clearly determined deadlines for their submission.

For example, the Supreme Council and the president should receive drafts of all laws, edicts, and other legal documents on tax reform as soon as in three months. Apparently, it is expected that most of them would come into force on 1 January 1997 to "make accounting procedures easier," as Matroskin the Cat [children's cartoon character], a classic of Soviet economic theory, used to say.

To rein in the excessive fantasy of implementors, the edict has defined the main characteristics of the future tax system. To all appearances, the president decided to cut in one fell swoop the knot of numerous discrepancies that make the maze of our tax legislation practically impenetrable.

In particular, he wants to make it more stable. However, if certain changes prove to be inevitable in the future, they will not be introduced retroactively, a practice applied far and wide, but in advance so that economic entities will know beforehand how much they will have to pay and thus plan ahead for their operations.

It is planned to lower the general level of taxes and undertake measures to avoid double taxation. On the

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other hand, many "spongers" will have to tighten their belts, because tax breaks, which are now enjoyed by individual enterprises and entire industries, will all be canceled and taxes will be imposed on barter deals. At the same time, the president ordered greater accountability for those who evade taxes.

As for the taxes levied on imports, it is planned to pursue differentiated policies depending on various commodity groups. For example, taxes on products used by national manufacturers — with no domestically produced substitutes available — will be lowered. But taxes on products that are intended for direct consumption and that can be substituted for by similar Ukrainian-made products will be increased.

Obviously, the main goal of the presidential edict is to bring the "shadow economy" players back into the legal economic field. Without them, it impossible now to replenish the state budget. Besides, managing a country where 40-60 percent of industrial participants live by special laws and have no contact with the state is an extremely difficult task.

The Ukrainian leadership has decided to tackle this task by the oldest known trick — using the carrot and the stick. The government promises those who decide to declare their income to reduce taxes and give them the opportunity to generate profits under conditions similar to those created in major developed countries. But those who persist in their heresy and try to hide their income from the state will face tough punishment and sanctions.

This is a commonplace practice in countries experiencing economic difficulties. Suffice to recall post-war Europe and the Marshall Plan, which, in addition to the extensive U.S. aid, envisioned tougher enforcement of economic laws in West European countries, with no consideration for local habits and thinking. The results are only too obvious. At present, all of Europe, forgetting about its former benefactors, is a powerful competitor to the United States in the domestic and world marketplace.

One can only hope that the president's guidelines, not only the punishment section, but also the section providing for civilized and moderate tax collection, will all be implemented. Then one could expect that domestic capital will flow from the sphere of dubious underground and barter deals into the sphere of civilized business and that the now powerful "shadow" economic sector will be gradually phased out.

Well, this sector will not disappear entirely, though. But it will shrink considerably, covering primarily illegal economic activities, such as smuggling, drug trafficking, prostitution, and other areas.

Businessmen engaging in legal activities will most likely decide not to spoil relations with the government and surrender to the tax service. Let me stress, however, that this will only happen if a truly civilized tax system is created as a result of the announced transformation.

The increased activity of national capital will inevitably attract Western investors, who have long been waiting for a convenient opportunity to land on our coast. In this case, Ukraine may experience an unheard of economic boom.

However, we can judge how much such rosy prospects are justified only after the new tax system is created and put into law and after we hear feedback from businessmen on how much easier their work became.

Ukraine: Karbovanets Reported Falling on Eve of Change to Hryvnya

WS2308074896 Lvov INFOBANK in English 0612 GMT 23 Aug 96

[From the "News Service" feature]

[FBIS Transcribed Text] According to a high-ranking Crimean government official, a changeover to a new Ukrainian currency — hryvnya — is to begin August 26. The Crimean government discussed the issue in its meeting August 22.

The Crimean government official told the INFOBANK that both the current karbovanets and the new hryvnya will be in circulation for 15 days beginning the introduction of the new currency. The changeover will take place at the rate of Kbv [karbovantsi] 100,000 for 1 hryvnya. Old money could be exchanged for new at places of employment, in currency exchange banks, and at the post-offices - for pensioners. The sum of up to Kbv 100 million could be exchanged for cash. Sums over Kbv100 million will be exchanged on a cashless basis and transferred to the customers' deposit accounts. No identification or financial declarations will be required during the exchange.

A packet of government resolutions and a presidential decree banning all price increases, effective 3 months, are being prepared.

On August 21 futures sales of hryvnya started at the Kiev universal exchange in the expectation of hryvnya incoming September 1. Altogether, 11 contracts, each for 2,000 hryvnyas, were sold. The minimum price of 1 hryvnya was Kbv98,100, the maximum price was Kbv103,500.

INFOBANK correspondents report drops of karbovanets against U.S. dollar at currency exchange banks. In the Crimea, the exchange rate rose to Kbv200,000 for

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$1. In Lvov and Donetsk, the sales rate of dollar registered during the day was Kbv183,000-185,000 for $ 1, compared with Kbv180,000-182,000 the day before. In Kiev, the dollar was cheaper at Kbv180,000-181,000, compared to Kbv 178,000-180,000 the day before. By the end of August 22 the dollar sales rate in Lvov rose to Kbv195,000. Demand for cash dollars during trading at the Ukrainian interbank currency exchange increased 2.5 times August 19 through 21.

Ukraine: Business Currency Asset Holdings Detailed

WS2208072596 Kiev INTELNEWS in English 0213 GMT 22 Aug 96

[FBIS Transcribed Text] Kiev, Aug 21 — Currency assets of Ukraine's enterprises and organizations totaled $1.309,2 billion by the first half of 1996, according to data released by the Statistics Ministry on Wednesday.

Of the above sum, $949.1 million (72 percent) is being held in Ukrainian banks, and $360.1 million (28 percent) is held abroad.

During the first half of the year, $11.139 billion in foreign currencies entered Ukraine, including $4.848,6 billion (44 percent) yielded from exports; $888.8 million (8 percent) gained from the export of services; $1.980,5 billion (18 percent) derived from the purchase of currencies; and $575.9 million (5 percent) in credits.

About $2.3 million-worth of currency assets have been illegally placed abroad and returned to Ukraine.

Enterprise expenditures in foreign currencies amounted to $11.195,1 billion, including $2.861,1 billion (26 percent) spent for imports; $329.9 million (3 percent) were used for import of services; $6.381,8 billion (57 percent) were allocated for buying foreign currencies; and $528.4 million (5 percent) were used for credits payoff.

As of July 1, 1996, enterprise debts totaled $1.219 billion for imported production and $29.3 million for the import of services. Indebtedness to enterprises of Ukraine for export of goods in the reported period equaled $438.8 million, plus $50.8 million for the export of services.

Enterprises and organizations provided information on currencies in foreign banks. These currency accounts have been opened in 41 countries throughout the world. $684.7 million, DM170.6 million, FFr51.4 million, IL412.7 million, 500,000 in Austria shilling, RBL272,868,5 billion and BRBL17.055,3 billion are being kept in foreign accounts, according to the Statistics Ministry.

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Tajikistan

Tajikistan: Kazakh President Offers to Mediate Inter-Tajik Settlement

LD2308102796 Moscow INTERFAX in English 1005 GMT 23 Aug 96

[FBIS Transcribed Text] ALMATY, Aug 23 (Interfax) — Kazakh President Nursultan Nazarbayev is willing to mediate efforts for an inter-Tajik settlement.

Speaking after a meeting with his Tajik counterpart Emomali Rakhmanov Friday in Almaty, Nazarbayev voiced concern about Tajik developments.

The opposition, internal included, is gaining strength in Tajikistan and will spare no expense in its efforts to declare a state of Islamic rule, small as it may be, Nazarbayev said.

Nazarbayev wrote to Tajik opposition leader Said Abdullo Nuri and Afghanistan's President Borhanoddin Rabbani to voice his country's interest in a negotiated end to the Tajik civil war.

Nazarbayev and his Uzbek and Kyrgyz counterparts Islam Karimov and Askar Akayev will discuss the Tajik developments and come out with constructive suggestions for the October summit of the Commonwealth of Independent States. Karimov and Akayev arrived in Almaty to celebrate the 150th birthday anniversary of poet Dzhambul.

Tajikistan: Tajik Talks Expected in First Half September

LD2308091396 Dushanbe KHOVAR in Russian 1400 GMT 21 Aug 96

[FBIS Translated Text] An operation to recover four officers of the Tajik law enforcement bodies who were taken hostage on 16 August by Rahmon Sanginov's armed opposition group near the Sultanabad settlement on the Dushanbe-Yavan road took place 20 August at 1700 local time, 4 km northwest of the village of Rohati in Leninskiy District. They were exchanged for three Tajik opposition members.

The humanitarian act of the Tajik Government to exchange representatives of the official power bodies and its refusal to take tough measures to recover them were positively appraised by the world community, said Zafar Ikromov, chief adviser to the president [on security and public order issues] and co-chairman of the joint commission for observing the conditions of the Tehran agreement. At the same time, he said, the republic's authorities and the opposition side, as well as the UN observers in Tajikistan are inclined to consider the exchange, despite the illegality of taking hostages, as a small indicator of the possibility of achieving national accord. Apart from this, said the co-chairman, it gives a real possibility to start, as early as next week, exchanging prisoners of war and other prisoners under the protocol signed in Ashgabat by the heads of the delegations from the government of the republic and the United Tajik Opposition.

Moreover, the adviser thinks there may be options to exchange certain groups not only in Khorog as is envisaged in the protocol.

Zafar Ikromov very highly praised the role of the UN observers' mission in Tajikistan in the operation to exchange hostages. He said the international organization has proved in recent days that it is capable of carrying out the most difficult tasks of a peacemaker. Unfortunately, on one hand we are not always effectively using this instrument to regulate the Tajik conflict, and on the other hand the mission itself does not fully grasp its potential capabilities in that process, said the adviser.

Zafar Ikromov said that Gerd Dietrich Merrem, UN secretary general's special envoy to Tajikistan, who is now in Tehran, intends to discuss three package of issues with the leaders of the opposition: to take measures for the unconditional implementation of the agreements reached in Ashgabat; to clarify the time scale and the place of venue for conducting the next round of the inter-Tajik talks; and to discuss aspects of a possible meeting between Tajik President Emomali Rakhmanov and the leader of the Tajik opposition, Sayed Abdullo Nuri. Moreover, according to Zafar Ikromov, the co- chairman thinks that it would be expedient to conduct this meeting in the run up to the resumption of the Tajik talks in order to give the talks new impulse. As far as the time scale for the next round of the talks is concerned, Gerd Dietrich Merrem said that they will be held around the first half of September.

Tajikistan: Russian, Afghan Border Guards Agree on Protection Measures

LD2308083096 Moscow INTERFAX in English 0648 GMT 23 Aug 96

[FBIS Transcribed Text] DUSHANBE, Aug 23 (Interfax) — Russian and Afghan border guards reached agreement on joint moves for the protection of the Tajikistan-Afghanistan border.

The agreement was reached Thursday by commander of the Khorogskiy border guard unit Col. Reshetnikov and commander of 24th regiment of Afghanistan's 29th infantry division Col. Abduaval. The two colonels met near the village of Tem, in the Gorno-Badakhshan autonomous region of eastern Tajikistan, the press

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center of the Russian border guards in Tajikistan told Interfax.

They discussed moves for stabilization at the Pamir span of the Tajikistan-Afghanistan border where the Tajik armed opposition is amassing forces for large-scale action spearheaded into Tajikistan.

Reshetnikov and Abduaval agreed to take preventive action, "even resort to combat action with a view to frustrating border-crossing attempts, if there is a threat to the joint border, and exchange information on the opposition fighters' plans," the press center said.

A border exclusion zone will extend two to three kilometers into the Shugnanskiy District of northern Afghanistan. "Tajik armed opposition forces will not be admitted there," the press center of the Russian border guard contingent said.

Uzbekistan

Uzbekistan: Karimov Propounds Concepts in New Book

MM1908143496 Moscow ROSSIYSKAYA GAZETA in Russian 17 Aug 96 p 16

[Report by Aleksandr Shinkin: "Uzbek President Islam Karimov: Be in No Hurry To Follow in Others' Footsteps" — from the "Economic Union" section]

[FBIS Translated Text] Uzbek head of state Islam Karimov is often called a pragmatist. He does not deny it. At any rate, he always contrasts populism and a certain political illusoriness with harsh reality. For, as he puts it, ideas need to be seen not as an end in themselves but primarily as a tool of everyday activity.

Here is what Islam Karimov says about present-day processes in Uzbekistan and the country's national interests in the system of international political and economic interests on the threshold of the next century. In particular....

...On Strategic Goals

Today our society is at an historic crossroads — we need to work out our own path for the national-state, socioeconomic, spiritual, and moral revival of the republic. The ultimate goal should be to build a strong, democratic, rule-of-law state and a civil society with a stable market economy and an open foreign policy.

On Our Path of Renewal

We do not rule out the possible utilization of all the positive things that have been built up in the process of other states' development and are applicable to our republic's conditions. But blindly copying various models — even if they have had positive results in certain countries — is categorically unacceptable. It is obvious that specific ways and means have an effect only under the special conditions of the country for which they are intended. And, conversely, wherever attractive but alien models have been artificially imposed, economic reform inevitably fails. Consequently, the solutions to our urgent socioeconomic problems will be found in an individual approach. This is required by the national features of our culture and the Muslim way of life, and by our links to Eastern civilization.

On the Geopolitical Situation

Uzbekistan is the heart of the Central Asia region and a link between neighboring republics. It has been ordained by its very history to be at the crossroads of Eurasia, linking East and West, North and South. This makes it possible to posit as a long-term prospect the building of a Eurasian economic, scientific, and cultural bridge along the lines of the Great Silk Road. The republic has all the prerequisites to turn into a kind of regional center for the interstate transit of goods, capital, and labor, and to integrate national interests in the sphere of economics, culture, and politics.

We are now taking part on a shared basis in the construction of the Tedzhen-Serakhs [names as transliterated] rail line, which is part of the Trans-Asian Main Line linking Beijing with Istanbul. We also plan to take part in the modernization of the port of Aqtau on the Caspian, and in the construction and modernization of the Andijon-Osh-Ergashtom-Koshgar [last two names as transliterated] Highway, providing access to China and Pakistan, as well as the Termez-Gerat-Karachi [first two names as transliterated] Highway, which provides access to the Indian Ocean.

On Investment

Uzbekistan itself is earning foreign currency, and doing so sensibly and thoughtfully. Rather than trying to grab every firm, we announce tenders and we have the right to select the contracts that are most advantageous for us. We are not going cap in hand to the world, but are striving for mutually advantageous cooperation. The atmosphere of stability and the granting of concessions to investors increases our chance of attracting foreign capital.

On Participation in the CIS

Thanks to the qualitatively new nature of the development of economic ties with the CIS countries, we have achieved a surplus in our mutual trade.

Uzbekistan intends to build its relations with its Commonwealth partners both within the framework of mul-

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tilateral interstate and intergovernmental treaties and agreements, and on the basis of direct bilateral contacts and the establishment of mutually advantageous trade, economic, scientific, technical, and cultural ties.

The key issue in Uzbekistan's relations with the CIS countries is the development and strengthening of equal ties with sovereign Russia and a reliance on its potential.

On Tajikistan

On the basis of the current situation not only in Tajikistan but in Afghanistan as well, it is hard to say that sufficient attention is being paid to the situation on the Tajik-Afghan border. The scale and potential of this conflict have not yet been fully realized, nor have the pernicious consequences that it could have for the entire world.

Uzbekistan resolutely condemns extremism, terrorism, and religious fanaticism in any manifestation, and advocates the peaceful resolution of the conflict by political means and talks between the warring factions.

...All these statements by Islam Karimov are just a sample of the president's concept for ways to renew Uzbekistan, which has been called a "commonsense strategy," and of his views of the republic's place in the world. They are presented most fully in his book "Stability and Reform" [Stabilnost i Reforma], published by the Paleya Publishing House in the "Leaders of the Peoples — 20th Century" series. It was recently launched at the Uzbek Embassy in Moscow. In the opinion of those who took part in the discussion of the book, it will be of interest to everyone with an interest in the current global changes in public life in the post-Soviet area and the long-term trends for the next century.

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Azerbaijan

Azerbaijan: Gasanov Receives French Delegation

NC2308061596 Baku TURAN in English 0828 GMT 22 Aug 96

[FBIS Transcribed Text] BAKU/22.08.96/TURAN— Today the Minister of Foreign Affairs of France Gasan Gasanov received the delegation of the Foreign Ministry of France. [sentence as received] The delegation includes the Director of the Continental Europe Department Paul Boudade and the new envoy of France to the OSCE Minsk group.

During the talk Gasanov said that development of the relations between the two countries was aimed at the destruction of stereotype on pro-Armenian orientation of France. Gasanov considers that such mood prevailed in the public opinion of Azerbaijan three years ago. "However, over the past period the leadership managed to overcome anti-French mood in Azerbaijan," the Minister said. "Today in Azerbaijan France is accepted as reliable and kind partner," he said.

Concerning the activity of the new envoy Olivier Pelen in the OSCE Minsk Group, Gasanov said that Baku is waiting from France constructive and objective approach to the problem of the resolution of the Karabakh conflict. "Reputation of France to Azerbaijan and Armenia should make positive effect on the process of resolution," he said.

Paul Boudade told that the present visit has the purpose to prepare the visit to Azerbaijan of the Foreign Minister of France Herve de Charette who will discuss in Baku questions connected with the arrangement of the official visit of the president Geydar Aliyev to Paris.

"We decided to increase the level of our relations, as we understand, that Azerbaijan is very important country of the region," Paul Boudade said. According to the French diplomat, Paris will support the candidature of Azerbaijan while the resolution of the question on Azerbaijan's joining the European Council. The diplomat supported also establishment of more intensive economic relations between the two countries.

"Olivier Pelen has been included the delegation so we have the opportunity of more dynamic and deep participation in the resolution of the Karabakh conflict," Paul Boudade said. According to him, the level of relations of Paris with Yerevan and Moscow can help the search of balanced resolution of the Armenian-Azeri conflict within the frameworks of the international principles.

Then, at the invitation of the French side, the meeting was held behind the closed doors.

Azerbaijan: Gasanov, French Official Discuss Relations, Karabakh

LD2208131796 Moscow ITAR-TASS in English 1246 GMT 22 Aug 96

[By Sevindzh Abdulayeva and Viktor Shulman]

[FBIS Transcribed Text] BAKU, August 22 (Itar-Tass) — France holds an important place in Azerbaijan's foreign policy. Azerbaijan attaches special importance to the development of its relations with France. This was stated by Azeri Foreign Minister Gasan Gasanov in Baku on Thursday before a meeting with Paul Boudade, Director of Continental Europe Department of the French Foreign Ministry, who arrived in Baku on Wednesday evening.

Gasanov said that contacts between the two countries changed from caution to reliable partnership over some four years that have passed since the establishment of diplomatic relations. This gives reason to hope that they will be upgraded shortly, Gasanov said.

The Azeri minister also noted that Azerbaijan expects France to play a more active role in the Minsk OSCE group on Nagorno-Karabakh, which will make the process of peaceful settlement of the Armenian-Azeri more dynamic.

Boudade went along with this view and said that France intends to upgrade relations with Azerbaijan. He said that initial step in this direction will be a visit of French Foreign Minister Herve de Charette to Baku. He plans to make the visit in early October. The timeframe for Azeri President Geydar Aliyev's official visit to Paris in early 1997 will also be agreed upon.

Boudade said France supports Azerbaijan's striving to become a full-fledged member of the Council of Europe in view of its special position in the Transcaucasian region. "We also declare for the development of economic relations between the two countries. Their volume is insufficient now," he said.

Olivier Pelen, the French representative in the Minsk OSCE group, accompanies Boudade on his tour of Azerbaijan. This makes it possible to surmise that during the meeting of diplomats of the two countries which proceeded in camera for about two hours the question of settlement of the Armenian-Azeri conflict was not bypassed. Representatives of the French Foreign Ministry will meet with the Azeri President today.

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Azerbaijan: Agriculture Minister, Iranian Envoy Discuss Cooperation

LD2208212396 Tehran IRNA in English 2107 GMT 22 Aug 96

[FBIS Transcribed Text] Baku, Aug. 22, IRNA — Azeri Minister of Agriculture and Produce Ershad Aliyev, in a meeting here on Thursday with the Iranian charge d'affaires to Azerbaijan Afshar Soleymani, called for cooperation with the Islamic Republic of Iran aimed at setting up a chemical fertilizer plant in his country.

He also announced his country's wishes to set up the Iranian exhibition of agricultural industries in Baku.

Welcoming cooperation in the field of rice cultivation and olive plantation between the Iranian northern province of Gilan and his country Aliyev expressed hope that he would be able to pay a visit to Gilan Province in order to become acquainted with the experiences obtained in the field of the Iranian agriculture.

At the meeting the two sides agreed that an Azeri agriculture official would soon pay a visit to Iran in order to bring about necessary coordination aimed at converting Azeri sugar beets into sugar and sugar cones in Iranian factory of Parsabad in Moghan.

Due to the lack of a sugar factory in the Republic of Azerbaijan, during the past four years the Azeri agricultural officials had decided to send their countries' sugar beet to Iran for converting it into sugar and sugar cones.

Azerbaijan: Foreign Minister Receives Departing Israeli Ambassador

NC2108144596 Baku TURAN in English 0904 GMT 21 Aug 96

[FBIS Transcribed Text] Baku /20.08.96/ TURAN — Today the Foreign Minister of Azerbaijan Gasan Gasanov received the Ambassador of Israel to Azerbaijan Eliezer Yotvat [name as received]. The Ambassador spent in Azerbaijan three very interesting years and it was very interesting for him to work here. "The geopolitical factor and the way Azerbaijan behaved itself in this situation has played its role," the Ambassador said. According to him, the oil factor made a special effect on the situation in the region.

Yotvat said that he was the first ambassador of his country in Azerbaijan. "I began from zero and raised our relations to the high level, and I made my best," Yotvat said.

Gasan Gasanov said he highly appreciated uneasy mission of the Israeli Ambassador. He expressed a hope that the new Ambassador will raise bilateral relations on a new level.

"Our relations were not aimed against third countries. We do not conceal that we rely on the Israeli lobby in the U.S.," Gasanov said.

Azerbaijan: Party Criticizes Defense Ministry for Signing CIS Pact

NC2108165096 Baku TURAN in English 0903 GMT 21 Aug 96

[FBIS Transcribed Text] Baku /21.08.96/ TURAN — Today the party PFA [People's Front of Azerbaijan] made a statement condemning the actions of the Defence Minister of Azerbaijan Sefer Abiyev due to signing of the decision of the Defence Ministries of the CIS countries on expansion of Nato. On 14 August the Defence Ministers of the CIS adopted a statement in which the possibility of the expansion of Nato to the East was assessed as threat to peace and stability in Europe.

The Party PFA considers that Azerbaijan's Defence Minister's joining the statement meets only the interests of Russia, "runs counter strategic governmental interests of Azerbaijan and its foreign policy."

Azerbaijan: Defense Ministry Denies Signing CIS Statement on NATO

NC2208174296 Baku Radio Baku Network in Azeri 1600 GMT 22 Aug 96

[Statement by the Defense Ministry Press Service—read by announcer]

[FBIS Translated Text] Some mass media have circulated a report to the effect that allegedly the Azerbaijani defense minister also has given his consent to the Statement on the Position of the Defense Ministers Council on NATO's Expansion Eastward, which was adopted during the Moscow meeting of the CIS defense ministers.

The Defense Ministry Press Service announces that the Azerbaijani defense minister has not given his signature to the statement in question.

Azerbaijan: Moscow Paper Interviews President Aliyev

MM2208095796 Moscow PRAVDA PYAT in Russian 21 Aug 96 pp 1, 2

[Interview with Azerbaijan President Geydar Aliyev by Andrey Perovskiy; place and date not given: "Geydar

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Aliyev's Second Lap. PRAVDA-5 Asks the Head of State Some Tough Questions"]

[FBIS Translated Text] The Geydar Aliyev "phenomenon" is really an invention by political scientists writing about the return of the "old guard" to the thrones of the unhappy post-perestroyka kingdoms of the democrats. But there is a grain of truth in this description of the activity of one of the most authoritative politicians in the Transcaucasus.

[Perovskiy] You have been in this job for more than three years now; yet many were sure that Geydar Aliyev's political career was over....

[Aliyev] When I left the Politburo in 1987 because of major differences of opinion with Gorbachev I never imagined I would return to major politics. After that I was not surprised that I was not allowed to live in Baku. Through his henchmen in Azerbaijan, Vezirov and Mutalibov, Gorbachev arranged to have massive moral and psychological pressure put on me and my family. I found refuge in Nakhichevan. Things were very difficult there in 1991 — the autonomous republic faced a blockade. There were rallies and the situation became tense. The people asked me to take over the reins of government in the autonomous republic. I could not refuse my compatriots' request, although I must admit that at the time I did not have bigger political things in mind. I started work. Life was not without its problems, but at least it was more or less peaceful. I thought that Nakhichevan would be my final port of call. But June 1993 saw an intensification of the power struggle in Baku and the republic found itself on the brink of civil war. It was then that President Ebulfez Elcibey turned to me — he was unable to get the country out of the crisis. I did not want to return, but then I decided it would be wrong to remain on the sidelines. I flew to Baku and I believe I was able to defuse the situation and prevent a civil war. Unfortunately, two days after I became chairman of the Azerbaijan Supreme Soviet, Elcibey, unbeknownst to me, left Baku and has been in the village of Kyaleki, in Nakhichevan, ever since. I was left alone.

[Perovskiy] But you have a Nakhichevan team that is under your total control.

[Aliyev] I did not bring my own team and I did not organize one. I do not have my own political structure either, although before I was elected president I headed the "Yeni Azerbaijan" ("New Azerbaijan") party. But I know my republic well, despite having left it back in 1982, and the generation of leaders has changed since then. Anyway, I am now working with the competent people I find around me, so to speak.

[Perovskiy] But some opposition politicians accuse you of replacing highly professional staff with comrades, friends, and even relatives.

[Aliyev] All the people who were appointed to key state posts before I arrived still have those jobs. Naturally, that does not include Surat Huseynov and his accomplices, the Dzhavadov [name as transliterated] brothers, who tried to carry out a coup d'etat, and those who have voluntarily quit their posts. So there is no "Nakhichevan clan" in the republic leadership. As far as I am concerned, you know, there is no "us" and "them" when it comes to staff. In my apparatus there are people who have been working since the days of Mutalibov or Elcibey. For example, my advisers on military affairs and economic matters. They are experienced professionals. Why should I part with them?

[Perovskiy] Evidently the "Aliyev clan" also includes your son Ilkham [name as transliterated], the vice president of Azerbaijan's state oil company....

[Aliyev] He has the right to work with whom he likes, just like any other citizen. My son graduated from the Moscow State Institute of International Relations, he defended his candidate's dissertation, and then taught at the same institute of higher education. He is highly educated and knows foreign languages. What are you saying, that he should not work just because he is the president's son? He has a constitutional right to work, as does any other citizen. If he was unworthy, then that would be another matter.

[Perovskiy] Mr. President, many people in Russia believe that the opposition in Azerbaijan is persecuted. In particular, some time ago the Communist Party was banned.

[Aliyev] First of all, I would like to say that there is no question of any persecution of the opposition in our country. Azerbaijan is a secular democratic state. I have always had a respectful attitude toward practical and sensible advice from the opposition, and there is no need to turn me into a monster who sweeps aside everything in his path. But when the opposition turns into an armed criminal organization, I will not sit and wait....I have sworn an oath to my people and I will do all I can to ensure that people can sleep well and feel safe.

Second, no one has ever banned the Communist Party of Azerbaijan; it is active, like many other parties. I was a member of the CPSU [Communist Party of the Soviet Union] myself for many years. But during what were known as the perestroyka years, because of Mikhail Gorbachev's bloody policy in 1990, I left the ranks

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of the Communist Party as Gorbachev moved off in a completely different direction.

And, finally, now that we have gotten onto the subject, let me remind you that there are over 40 political parties in Azerbaijan at present, the majority of which are in opposition. Over 600 newspapers of different hues are published. If this state of affairs can be called "the abolition of democracy" — and that is the precise attitude of some members of the opposition toward my reform policy — then their accusation is just.

[Perovskiy] Could you name the main factors influencing the policy that is being elaborated by you and your aides?

[Aliyev] We are going through the difficult period of establishing independence. It is known that all the former USSR republics were closely interlinked in all kinds of spheres, particularly in the economy, and the breakup that occurred after they had declared sovereignty was very painful for them. Furthermore, Azerbaijan is transferring from a socialist economic system with its specific laws, principles, and traditions, to a free market economy. This is a lengthy and difficult process. Look how arduous the process is in Russia, for example. Finally, Azerbaijan is in the position of being at war. This has gone on for over seven years. Over 20 percent of the republic's territory is occupied by Armenian troops. So far 1.5 million people have been turned into refugees. These people have lost everything. And after all, Azerbaijan has a great economic potential. It has mineral wealth, primarily petroleum, a diversified industry, agriculture, skilled labor resources. But all the energy is going into getting people out of the grave economic situation, and also into defense needs.

[Perovskiy] Let us start with the broken ties. Attempts have been made to solve this problem within the framework of the CIS for five years now. Do you consider this structure to be viable?

[Aliyev] I do not believe that the CIS has become obsolete. It is simply that the Commonwealth has unfortunately been unable to organize its work clearly and efficiently. It seems to me that that is the reason why the CIS has been a disappointment. If it had made full use of its potential, and also the potential of the countries within it, it would have achieved great success — everyone together and each country individually. However, I would like to stress that equal rights are vital in the CIS. We cannot have a big or little brother here; everyone must feel equal — that is the main condition of any union, actually.

[Perovskiy] By what means do you intend to solve the Karabakh problem?

[Aliyev] By peaceful means. We do not want to fight.

[Perovskiy] More specifically, has this problem been discussed at the level of heads of the states in conflict?

[Aliyev] I have met with Mr. Ter-Petrosyan, president of Armenia, several times recently: In Luxembourg, where we made a joint statement, and in Kislovodsk, where the presidents of Russia, Azerbaijan, Armenia, and Georgia signed a declaration which devoted attention to the conflict in Nagorno-Karabakh. Meetings are held periodically, and we exchange opinions and give our representatives instructions on specific questions.

[Perovskiy] Do you not feel pressure from your opponents in Azerbaijan who want to solve this problem by means of war?

[Aliyev] You know, it is very hard to put pressure on me, but various opinions on this question do exist. After all, we have a democracy. Opposition parties exist, and their leaders state openly: we must fight and liberate our lands by strong-arm methods.

[Perovskiy] Geydar Aliyevich, let us talk about Ayaz Mutalibov....

[Aliyev] I am sorry, but I believe tha every politician should behave sensibly. On that basis I do not want to talk about that man.

[Perovskiy] What fate is awaiting Ragim Kaziyev [name as transliterated], former defense minister of Azerbaijan, who was extradited by the Russian side?

[Aliyev] He has been sentenced to death.

[Perovskiy] Will you pardon him?

[Aliyev] I never announce my rulings in advance. Incidentally, in my time as president, we have not shot anybody. In the past year I have pardoned 15 people.

[Perovskiy] What has happened to Ebulfez Elcibey?

[Aliyev] He is living in a mountain settlement in the Nakhichevan Republic, where he was born, and periodically publishes his articles in Azerbaijani opposition newspapers.

[Perovskiy] The weapons trade is perhaps the worst sign of the times in the Transcaucasus. The Russian mass media have frequently said that Azerbaijan sells weapons to the Chechen gunmen....

[Aliyev] You know, I am in pretty good control of the situation in the republic, and I will not allow anyone to sell weapons, particularly since Azerbaijan itself is in a state of war. I consider all current statements on this subject to be groundless. But at the same time, I would like to note that during the rule of the People's Front of

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Azerbaijan, Iskander Hamedov, ex-minister of internal affairs and former head of the "Gray Wolves" extremist organization, made use of his high post and for some time managed to sell large consignments of weapons to the Chechen gunmen. Hamedov even made a crazy statement to the effect that he had nuclear weapons and was prepared to use them against Yerevan at any moment. We recently found this "atom bomb": It turned out that it was a special charge for determining the soundness of pipelines.

[Perovskiy] Drug dealing is one of the republic's headaches....

[Aliyev] Drug dealing is doubly dangerous, you know: it warps people, but, at the same time, it is a breeding ground for serious crime. We are waging a fierce struggle against this evil. I have instructed the law-enforcement organs to impose the toughest punishments for the distribution and use of drugs. In the new edition of the Azerbaijan Criminal Code, which is currently being devised, the penalty for the distribution of narcotics will be one of the severest. Alas, you cannot combat drug dealing with punitive measures alone. Comprehensive solutions are needed at government level and the entire population of Azerbaijan must join in the fight against this evil. The danger of the development of drug dealing has increased dramatically in recent years — supplies of drugs from Afghanistan via Iran and on to Europe have increased. We must tackle these problems together.

[Perosvskiy] I would like to know your view of the situation in the Caucasus as a whole. Do you agree with the widespread view that Russia has yet to devise an integrated political concept for this region?

[Aliyev] It is hard to say whether Russia has a clear-cut stance or not — no one knows for sure what is going on in another state's power structures. But the Caucasus is a very complex region and I believe that the Russian Federation's activities here should be better balanced and better thought-out. I think Russia should work out an equal approach to all the states of the Transcaucasus. Irrespective, say, of the religious factor or historic preferences.

[Perovskiy] How would you describe relations between Russia and Azerbaijan at the moment?

[Aliyev] We have links that go way back into the depths of history. No one can erase or rewrite this history. Two centuries have passed since Azerbaijan was part of Russia, but these people's have lived next to one another before. One can definitely say that our peoples have had a warm relationship in the past, and that relationship exists today. Russia is a great country in terms of population, territory, and economic power. We have ties of friendship and cooperation. All this forms a basis for the existence of sincere, good, and friendly relations between the two states. Naturally, there have to be personal contacts between our citizens as well.

[Perovskiy] In that case, does your republic intend to sign documents on a closer association with Russia? Say, follow Belarus' example?

[Aliyev] I do not really see the purpose of this agreement. Not only I, but also the other heads of states in the Commonwealth are somewhat equivocal about this document, so I cannot say we will follow the same path. I favor the development and strengthening of bilateral relations between Russia and Azerbaijan on a mutually advantageous basis, on the basis of parity and complete sovereignty, independence, and noninterference in one another's affairs. At the same time, I am an advocate of closer cooperation within the CIS.

Georgia

Georgia: Abkhaz President on Relations With Georgia

MM2208133696 Moscow PRAVDA PYAT in Russian 22 Aug 96 pp 1-2

[Interview with Abkhaz President Vladislav Ardzinba by correspondent Igor Lenskiy in Sukhum "the other day": "God Did Not Decree That We Should Be in a Union With Georgia"]

[FBIS Translated Text] [Lenskiy] Vladislav Grigoryevich, what was the incident that occurred during the peacekeepers' recent exercises?

[Ardzinba] In the course of the exercises, without having informed us, the peacekeepers moved deep into Galskiy Rayon, leaving the three fortified checkpoints closest to the Ingur bridge exposed. Can you imagine what might have happened? Fortunately we moved our own border guards forward in time. If the peacekeepers leave their positions again, I'm not going to let them back there!

[Lenskiy] At the talks in Moscow the Abkhaz delegation agreed that the peacekeepers should be given policing functions in Galskiy Rayon. So this was a major success for official Tbilisi?

[Ardzinba] The extension of the peacekeeping forces' mandate to 31 January 1997 is the result of a degree of compromise and very substantial concessions on the Abkhaz side. However, Georgia's hopes of achieving its desires through pressure of this kind are completely unfounded. This shows a desire to deviate from what was enshrined in an internationally recognized document —

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the April 1994 Statement on Measures for a Political Settlement of the Georgian-Abkhaz Conflict. During my February trip to Moscow agreement was reached on the majority of contentious issues. Unfortunately, at the latest talks in July both the Georgian side and the Russian intermediaries tried to negate totally the idea of an equal relationship between Georgian and Abkhazia. They tried once again to impose on us the relationship between a metropolitan country and a colony. We will never accept that. Our people will not tolerate the restoration of the national oppression which we were subjected to for decades.

In any case, God did not decree that we should be in a union with Georgia. Since Russia is showing no interest and Georgia is trying to regain its colonial domination over Abkhazia, we might have no choice but to declare our total state autonomy and sovereignty.

[Lenskiy] But the economic situation, particularly the food situation, in Abkhazia is deteriorating.

[Ardzinba] Yes, the situation is very difficult. But nobody will starve Abkhazia into submission. The suffering that the blockade involves for the people is another matter. You won't find any other case in the world where a state which has been subjected to aggression, genocide, and ethnic cleansing, where there is devastation on a huge scale, from whose territory rolling stock, aircraft, and ships have been stolen, where enterprises have been plundered, archives and libraries burned — and after all these crimes they impose a blockade on this state and its people! It's inhuman, immoral.

[Lenskiy] Nonetheless the UN Security Council is adopting resolutions against Abkhazia.

[Ardzinba] But look who is pushing these resolutions through! The members of the "Friends of Georgia" club. That organization was set up in 1921 by the United States, Britain, Germany and others to give Georgia assistance in the struggle against...Bolshevik Russia. And now the members of this club look very kindly on Russia itself. The support for certain Russian circles is linked to the hope of diverting Georgia's gaze from the West. This support gives Georgia the impression it can do anything. It reinforces the aggressive mood.

First Georgia objected to a union state, then to a federal union, and today it is opposed to any kind of federal relations and equality between the sides. But where in the world have you seen a federation made up of unequal components? And what if, tomorrow, Georgia objects to Abkhazia being called Abkhazia?

We are under no obligation to take such claims into consideration. We will protect our own interests fiercely, and if necessary we will defend ourselves even by military means.

[Lenskiy] So the prospect is for fighting again?

[Ardzinba] Practical progress has been achieved at the talks. If there are no attempts to destroy the fundamental principles incorporated in the 1994 statement, if Abkhazia's legitimate interests are taken into account, there are no obstacles to signing a protocol on the settlement of relations with Georgia in the near future.

[Lenskiy] Could it be time for a personal meeting between you and Shevardnadze?

[Ardzinba] We do not rule out meetings at any level, including the level of the top leadership of Abkhazia and Georgia. But we are not going cap in hand; the desire must be mutual. I think in the course of such a meeting a way to a final solution to the problem could be found. But it worries me that Shevardnadze threatens from time to time: If peaceful means don't work, then Georgia will use force. That is not new for us. Mr. Shevardnadze should know: good relations cannot be restored by force. And nobody will make us live with Georgia by force. But the desire to hold talks at all could be destroyed.

[Lenskiy] The world recently learned from Georgian Deputy Minister of State Security Avtandil Ioseliani about your secret meeting with him in Gagra. And some of your remarks, as relayed by Ioseliani for the Russian public, sounded ambiguous.

[Ardzinba] I see nothing unusual in a meeting between a representative of the Georgian head of state and the leader of Abkhazia. In order to resolve problems it is necessary to meet. We are also willing to send representatives to Georgia. But the main thing is to get results, not tell fairy tales. I see no great revelations in Ioseliani's confessions. What is notable is this: the man is bursting with joy because he has had a meeting with the Abkhaz head of state. And so, breathless with happiness, he makes public everything we talked about face to face — both the truth and, unfortunately, some personal additions of his own. That is the level of the people we are having to deal with. Much is discussed in a private conversation, but you can't produce an official transcript of it! Otherwise it would be easy to show that many of Ioseliani's quotations are insufficiently accurate. It is an elementary rule that the content of a private conversation is made public only with the consent of both participants. To act otherwise is unethical. This bars the road to Abkhazia for people who behave in this way.

I said nothing in my conversation with Ioseliani that was not in accordance with my public statements. Yes, we

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are prepared to seek points of contact with the president of Georgia, the state that lies across the Ingur river. Whether we like it or not, we are obliged to show respect for Shevardnadze.

[Lenskiy] One cannot fail to notice, however, that Georgia is trying to conduct a dialogue without intermediaries.

[Ardzinba] Without an intermediary in the shape of Russia and the United Nations, we will not have a guarantor for any accords that may be reached between us. Russia's role as a guarantor is enormous, and nobody can belittle it.

[Lenskiy] Formerly in our conversations you have emphasized that Abkhazia's problems are in may ways connected with the Russian Foreign Ministry. That was the Kozyrev era. The Foreign Ministry has had a new boss for six months now. What has changed?

[Ardzinba] Unlike Mr. Kozyrev, in Yevgeniy Maksimovich Primakov we are dealing with a highly experienced, intelligent, far-sighted man. Furthermore I know him well personally; we worked together at the Institute of Oriental Studies. We are observing on Primakov's part a more balanced approach, a desire to take account of the interests of both Georgia and Abkhazia and find the right paths. Not everything, of curse, comes from within the Foreign Ministry, there are orders from higher up too.

[Lenskiy] According to our information, Georgian Foreign Minister Managarashvili is also showing an interest in contacts with you.

[Ardzinba] I don't rule out that possibility. But what is the context for such a meeting? At this very time 11 Abkhaz are being held in Georgian prisons, most of them seized by Georgian sabotage groups in Galskiy Rayon. They are now being committed for trial. These are real acts of state terrorism. They must return these people. The entire population of Abkhazia reacted furiously to the statement by the Georgian general prosecutor. He declared all citizens of Abkhazia who had defended their own land to be "traitors to the Motherland." That is a very short-sighted policy.

[Lenskiy] What is your view of the parliament of the "Autonomous Republic of Abkhazia" which is functioning in Tbilisi?

[Ardzinba] No autonomous Abkhazia exists at the moment. There is the Republic of Abkhazia with its Constitution and organs of state power. Thus, there are no members of the Abkhaz parliament outside Abkhazia. Five or six deputies who are in Tbilisi now were stripped of their mandates long ago as being among those to blame for unleashing the war. In the summer of 1992 they sent Shevardnadze a letter calling for troops to be sent into Abkhazia' territory. Therefore they are criminals and will be punished with the utmost severity.

[Lenskiy] Is it possible that the originators of the idea of dividing Abkhazia into two lines along the Gumista river are among these people?

[Ardzinba] We have a curious document from the United Nations. Back in the time of the war they sent us an official text, to which a map was appended which was clearly compiled in Georgia. The section from the Ingur to the Gumista was designated "Abkhazeti," and the section from the Gumista to the Psou — "Abkhazia." Is this not evidence of open ethnic cleansing with regard to the Abkhaz people?

[Lenskiy] It could be objected that you acted in exactly the same way in relation to the Georgians.

[Ardzinba] Nothing of the kind. During the war on the territory of Gudautskiy Rayon we issued a special instruction on the protection of the Georgian village of Ordzhonikidze, so that there should be no outrages committed against the Georgians. Yet Georgian troops wiped out most of the villages in Ochanchirskiy Rayon, evicted Jews and Greeks from the territory of Abkhazia, drove out Russians and Armenians, and exterminated the Abkhaz population.

[Lenskiy] About 80,000 Georgians remain in Abkhazia today. How do they live?

[Ardzinba] Go to Sukhum market and see. They are among the main merchants, they speak their own Georgian language, and nobody persecutes them. It is not at all how it was during the war, when the Abkhaz were afraid to show their passports. We proceed on the basis that ours is a multinational republic and it has room for representatives of any people, including Georgians, among whom are people who are victims of the war just like the Abkhaz, Russians, and Armenians. The only requirement for citizens of Abkhazia is a loyal attitude to our statehood. Here there must be uniformity irrespective of nationality.

[Lenskiy] What do you think, is there an understanding of Abkhazia's problems in Georgia?

[Ardzinba] A couple of times I have read statements by Asatiani (former chairman of the Georgian Supreme Council — I.L.); these were attempts to take a sober and objective look at relations between Abkhazia and Georgia.

[Lenskiy] Georgadze, Patiashvili?

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[Ardzinba] Georgadze tried to take both peoples' interests into account in his thinking. But he is not published much. I have read nothing from Patiashvili; during his party years he did not show himself at his best here, although time will tell.

[Lenskiy] How do you see a reconciliation between the Abkhaz and Georgian peoples in the historical perspective?

[Ardzinba] This is a very long process; it will take many years to change things. If you doubt that, remember the Great Patriotic War and ask people of the older generation: have they totally grown out of their attitude to fascism?

[Lenskiy] During these days the events on the other side of the Caucasus range have taken a particularly dramatic turn. In view of your prestige and connections in the region, could you help untie the Chechen knot?

[Ardzinba] We must all share each other's troubles. Of course, no one person is likely to have the right formula. I think representatives of the peoples of the Caucasus, including leaders, could do something important if an appeal was made to us for help. That is the duty of any decent person, and I include myself in that.

[Lenskiy] What are your thoughts for tomorrow?

[Ardzinba] Today we are isolated from Russia, which certainly does not suit our people's feelings. I hope common sense will prevail sooner or later. The main thing is that we should see that victory for reason in Abkhazia. As long as it does not turn out that by the time you in Russia arrive at the conclusion we have reached, we, the Abkhaz, will no longer exist.

Georgia: Abkhaz Militia Takes Georgians Hostage in Gali District

LD2208100396 Tbilisi SAKINFORM in Georgian 2250 GMT 21 Aug 96

[FBIS Translated Text] [No dateline as received] — A SAKINFORM correspondent has been told from Zugdidi that the Abkhaz militia has carried out yet another punitive measure in the village of Dikhazurgia in Gali District and taken hostage 20 inhabitants of Georgian nationality.

Without any justification, the Abkhaz side accuses them of blowing up a mine which claimed the Russian peacekeepers' lives.

After receiving a ransom, the militia released 13 hostages. However, the remaining hostages were taken to solitary confinement in a cell in the town of Gali.

In the meantime, as is known, the Russian peacekeeping forces' command assumes that the mine was blown up by Abkhaz militants in order to create a pretext for carrying out punitive operations against the local Georgian population.

Georgia: Abkhaz Reinforce Police in Gali Following Incidents

LD2208172296 Tbilisi CONTACT INFORMATION AGENCY in Georgian 1400 GMT 22 Aug 96

[FBIS Translated Text] Gali — A quadripartite meeting was held in Gali District yesterday. The meeting's participants considered the current situation in the conflict zone and concluded that the situation in the area was extremely tense. An armored personnel carrier belonging to the Russian peacekeeping forces was blown up by a mine in the Gali District village of Resh outside the safe zone on 20 August, at 0830. One serviceman was wounded. At 0630 yesterday, five ethnic Abkhaz were attacked by a group of still unidentified people on the outskirts of the town of Gali. One person was wounded, another escaped, and the other three were taken in the direction of the village of Sidi. In this connection, the Abkhaz authorities have reinforced police forces in Gali District. Twenty policemen were sent to the village of Sidi to search for the abducted people. Another unit of 60 policemen is at the Inguri bridge at present, controlling the checkpoint together with servicemen of the Russian peacekeeping forces.

The meeting decided that it was necessary for representatives of the Georgian and Abkhaz sides to meet urgently in order to prevent further aggravation of the crime situation in Gali District.

Georgia: Abkhazian Pro-Georgian Authorities Protest Punitive Actions

LD2208172496 Tbilisi CONTACT INFORMATION AGENCY in Georgian 1400 GMT 22 Aug 96

[FBIS Translated Text] Tbilisi — In connection with the deployment of Abkhaz punitive units in some villages of Gali District, the Supreme Council of the Autonomous Republic of Abkhazia has made a statement. The statement says, in particular: "As a result of punitive operations, 24 civilians have been taken hostage, three people have been wounded, and dozens have been physically assaulted. Two tractors, two buses, several cars, and other objects of technical and material value have been taken away. It is noteworthy that three armored vehicles of the Russian peacekeeping forces led the punitive units."

The Supreme Council of the Autonomous Republic of Abkhazia views the above-mentioned activities as clear evidence of the peace process being disregarded.

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Georgia: NIP Leader Changes Abkhaz Line After Talks With Chechens

AU2108101596 Tbilisi AKHALI TAOBA in Georgian 12 Aug 96 p 3

[Report by Giorgi Udzilauri: "Our President Was Paying His Humble Respects to the President of the Empire, Said Irakli Tsereteli"]

[FBIS Translated Text] Irakli Tsereteli, the new unifier of Georgia's national movement, held a routine press conference that was devoted on this occasion to Chechnya.

The leader of the National Independence Party [NIP] expressed solidarity with the nation that was fighting for freedom and that, according to him, was setting an example to Georgia. Tsereteli blamed Russia's forces of occupation for carrying out genocide in Chechnya, but expressed his satisfaction at the fact that, in spite of the military might of the Russian empire, Moscow had virtually been defeated in the war against the Chechens, which had been shown by the events of the last few days. Irakli Tsereteli had held meetings in Georgia with Ramzan Goitemirov, the Chechen leader's personal adviser and leader of the Greens movement in Ichkeria, as a result of which the NIP leader stated that he intended to make an official request to the Georgian authorities that a road be constructed through Shatili to Chechnya. "If the government does not accede to our request," said Irakli Tsereteli, "we will start to build the road ourselves. The Chechen side is prepared to finance the construction of this stretch of road." It is Tsereteli's hope that the link between the two countries will further strengthen friendship between the Caucasian peoples and once more wound Russia.

Irakli Tsereteli, to put it mildly, surprised the journalists and, instead of [confirming] his status as a political hawk, adopted more the position of a peace-loving pacifist regarding the settlement of the Abkhazian conflict. The NIP leader approved of the fact that representatives of the separatist Abkhazian defense ministry had attended the military exercises held in western Georgia last week, giving more or less the following explanation: "Well, if we want to have a Caucasian people, we should live together and embrace one another as friends." So, the journalists had to decide whether or not to forget the national movement's interparty conference held a few weeks ago at which Tsereteli, to put it mildly, talked in different terms about the return of Abkhazia. One can suppose that his strategic course had been changed by the Chechen guests who, so it seems, convinced Tsereteli that peace can be established in Abkhazia only by means of negotiations (at which the Chechen people and Ichkeria in particular would be the mediators). The withdrawal of Russia's troops of occupation from Georgia, the convocation of a united Caucasian interparty conference, and the withdrawal of Russian peacekeeping forces from Abkhazia figured once more on the agenda along with other demands.

Tsereteli assessed Shevardnadze's presence at the Russian president's inauguration as shameful for the Georgian nation...given that Yeltsin had not attended Shevardnadze's inauguration. "Our president was paying his humble respects to the president of the empire," said Irakli Tsereteli.

Georgia: Russian Peacekeepers To Hold Exercises 22-24 Aug

LD2208192596 Tbilisi SAKINFORM in Georgian 1530 GMT 22 Aug 96

[FBIS Translated Text] A SAKINFORM correspondent in Gali has been informed that Russian peacekeeping forces stationed in the Abkhaz-Georgian conflict zone intend to hold military exercises involving helicopters from 22 to 24 August.

Georgia: Opposition Leader Sees OSCE 'Conspiracy' in S. Ossetia

AU2108155996 Tbilisi KAVKASIONI in Georgian 15-16 Aug 96 p 5

[Report by Badri Okrotsvaridze: "Members of the Former Tripartite Commission Studying the Georgian-Ossetian Conflict Believe: 'There Is a Conspiracy Under Way Against Georgia'"]

[FBIS Translated Text] On 14 August, Nodar Natadze, chairman of the United Republican Party [URP] National Committee, and former Supreme Council Deputy Gela Chorgolashvili, who were members of the former tripartite (USSR, Russian Socialist Federative Soviet Republic, the Republic of Georgia) commission that was studying the conflict in the Tskhinvali region (it functioned between 1990 and 1991) held a press conference on the Georgian-Ossetian conflict at the URP headquarters.

Nodar Natadze pointed out at the news conference that a conspiracy was under way against Georgia, the goal of which was to wrest territory from it. Proceeding from today's realities, not a single UN country will acknowledge the creation of a new state within Georgia's borders, but the recognition of the Tskhinvali region as ethnic Ossetian territory will certainly lead sooner or later to the transfer of the ownership of this territory to the Ossetians. The speaker named three factors operating against Georgia in the conflict zone:

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1. The armed force fighting against us, including the Russian Army.

2. The non-Georgian position of the Georgian authorities.

3. The Organization for Security and Cooperation in Europe, which is ill-disposed toward us.

Nodar Natadze said that the OSCE's recommendations were devoid of any logic and formulated his position as follows:

1. The statement made by experts from the OSCE that the name "South Ossetia" should not be changed because the Ossetians have got used to it over 69 years is not correct; in that case, what are we Georgians to say, we who have become used to this territory being part of Georgia for the last 2,000 years?

2. In the view of the OSCE experts, it is not the history of facts that is important, but the facts themselves. Through such an approach to the issue, the nation is being deprived of the right of historical memory. It turns out that, as a result of the ethnic cleansing in Abkhazia, this people no longer exists and Abkhazia's fate should be decided by the Abkhazians, Armenians, and Cossacks living there today.

3. The view that if an ethnic group makes up 51 percent of the population of one state or another, then it has the right to decide what this state will be called to its own advantage is wrong.

4. The OSCE document states: You Georgians stand guilty before the Ossetians and, by way of compensation for your crime, you should increase their rights. This should be viewed as an empty argument given that guilt can only be established by a court and there exists no fact in international practice whereby someone is punished for his crime by having a part of his country handed over to another ethnic group.

Nodar Natadze did not agree with the calm position of the Georgian president according to which it is impossible to unite South and North Ossetia and, proceeding from the expected danger, he familiarized those present with the anti-Georgian plan:

1. The creation of two "Ossetias" will be a serious victory for the opposing side as world politics is directed toward the unification of nations split in two and countries bearing the same name (for example, Germany).

2. The initiative to invite the OSCE belongs not to Georgia but to Russia, which unleashed the conflict.

3. In addition to Russia, we can name the international narcotics mafia as belonging to those forces who are backing Ossetian separatism; by creating the desired conditions, it can cultivate narcotics, and the Tskhinvali region will be the territory that is closest to the narcotics market (Russia, Europe).

4. Certain states that have large ethnic minorities are trying to create a precedent in Georgia.

Gela Chorgolashvili blamed the current authorities for its unlawful assessment of the former government. In his view, it is unjust to blame solely the former authorities for the conflict.

In order to settle the conflict, Mr. Nodar Natadze believes it is necessary:

1. To issue warrants for the arrest of the guilty parties.

2. To withdraw the Russian troops.

3. To use the police to put a halt to the lawlessness.

At the same time, Nodar Natadze believes that the granting of functional autonomy would serve as the basis for settling the problem of ethnic minorities in Georgia. According to him, functional autonomy means attaching [mibmas] autonomy to peoples, which ignores the territorial factor, and it extends both to ethnic minorities living in compact groups and those scattered around the country. Functional autonomy will fully guarantee that ethnic minorities can create an ethnic organization. In Nodar Natadze's view, the ethnic organization (council, commune) should implement all the measures that are necessary to protect all the members of the minority.

Georgia: Russian Border Guards Seal Georgian-North Ossetian Border

LD2208103496 Tbilisi SAKINFORM in Georgian 2250 GMT 21 Aug 96

[FBIS Translated Text] [No dateline as received] — A SAKINFORM correspondent has been told at the Georgian Interior Ministry that Russian border guards have sealed off the Georgian-North Ossetian border. Citizens of Russia and the CIS states are not being allowed through the checkpoint. This measure has been necessitated by the exacerbation of the situation in Chechnya.

Georgia: Foreign Ministry Official on Autonomy for South Ossetia

LD2208193296 Tbilisi SAKINFORM in Georgian 1530 GMT 22 Aug 96

[FBIS Translated Text] Georgia is prepared to give autonomy to the Tskhinvali region [South Ossetia] provided speculation about the merger of South Ossetia

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and North Ossetia stops, a senior official of the Georgian Ministry of Foreign Affairs has told a SAKINFORM correspondent. As a precondition for the meeting of Georgian President Eduard Shevardnadze and [South Ossetian leader] Ludvig Chibirov, the region's current authorities should define the status of the region, the official said.

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Estonia

Estonia: Police Official Views Opening of FBI Office 'Next Year'

WS2108142896 Tallinn BNS in English 1300 GMT 21 Aug 96

[FBIS Transcribed Text] Tallinn, Aug 21, BNS — The U.S. Federal Bureau of Investigation (FBI) intends to open an office in Estonia next year and double the number of its offices worldwide.

According to a report published Tuesday the FBI wishes to open new offices in Estonia, Poland, Saudi Arabia, Argentina, India, the Republic of South Africa and Ukraine.

Estonian Police Department deputy general director Priit Mannik told BNS that Estonian police had not yet been officially informed of the FBI plans to open an Estonian office.

Mannik said, however, that such plan had earlier been referred to. "The Estonian police has been quite eager to cooperate with the FBI and send its policemen to train in the United States."

Mannik also underlined that the FBI would not launch any independent activity in Estonia. "They cannot undertake any police operations, but only participate in Estonian Police or Security Police operations," the Estonian police leader said.

There is similar cooperation between the Estonian and the Finnish police, with residents of both forces stationed in the other country's capital, Mannik said.

The FBI motivated its plan for the opening of new offices with the need to fight terrorism and organized crime.

Crime has become more international in nature, Mannik said, adding that this was felt even more acutely in the West than in Estonia. It has been mentioned in the Estonian press that several persons having committed crimes in Estonia have escaped to the United States. In the future we are not going to ask for information about them from the FBI headquarters but from the local officer, Mannik said.

If the plan for the FBI expansion is approved by the U.S. Congress and the states involved, the number of FBI offices will increase from 23 to 46, and the number of special agents from 70 to 129.

Estonia: Meri Receives Letter From France's Chirac

LD2108180296 Tallinn Radio Tallinn Network in Estonian 1500 GMT 21 Aug 96

[FBIS Translated Text] President Lennart Meri received today in Kadriorg [presidential residence] Jean-Francois Charquentier, first secretary of the French Embassy, who gave him a letter from French President Jacques Chirac to Lennart Meri. The letter comes as a continuation of an exchange of ideas on security issues in Europe, the presidential press office reported to ETA.

President Chirac analyzed the consequences of the amendments made to the Conventional Forces in Europe Treaty in June and emphasized that both issues, of changes to the European security structures and of NATO's enlargement, fall under his constant attention. Chirac notes that France gives equal support to central and east European countries and to the Baltic states in their endeavors to integrate into Western cooperation organizations, including NATO. France rates highly the Partnership for Peace program, which opens up to Estonia varied cooperation options with NATO. President Chirac hopes that constructive dialogue with Estonia, on European security issues, will continue shortly by way of an exchange of ideas either in Tallinn or in Paris.

Estonia: Prime Minister Defends NATO Entry Stance

WS2308072996 Tallinn BNS in English 2033 GMT 22 Aug 96

[FBIS Transcribed Text] Tallinn, Aug 22, BNS — Countering accusations by opponents of having given up Estonia's cause for speedy accession to NATO, Prime Minister Tiit Vahi said that seeing Estonia as unlikely to join the alliance in the first group of nations was just the most realistic opinion.

"I am not the first or the last politician to discuss the possibility of Estonia's being the first to join NATO, or the possibility that it won't be the first. I think that the latter is rather more realistic than the former," Vahi said in an interview with BNS on Thursday.

The prime minister said that if Estonia failed to be among the first group of nations to gain NATO membership, this in no way meant that the door of the alliance was closed for it.

"Those who decide are the NATO members. Estonia can change their attitude to a more positive one if it very much wants to join NATO and does everything to have its defense forces meet the NATO requirements," Vahi said.

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"Developing the defense forces is one of the high priorities of the government, of the state," he said.

"We are overcoming economic problems — I hope that in the Estonian state we will no longer accept socialist moods," the prime minister said.

In what regards crime, the authorities are winning back ground as the leaders of the most notorious groups of organized crime have been arrested and many are already serving sentences in prison, Vahi said. Most of the work still to be done is in state defense, he explained.

"I have said on several occasions that we should be less engaged in the rhetoric of NATO membership and non-membership, and more in preparing our defense forces," Vahi said.

"In this my opinion differs from the opinion of those who already have criticized me for my statements on NATO membership," the prime minister said.

He said the country should always count first and foremost on itself. This is true both in the Estonia-Europe and Estonian-Russian relations as well as in the Estonia-NATO relations, Vahi said. "We will make it neither to the EU nor NATO if we don't work hard," he concluded.

Estonia: Russian Daily Profiles Meri, Predicts 'Difficult' Relations

MM1908140196 Moscow IZVESTIYA in Russian 17 Aug 96 p 3

[Report by Konstantin Eggert: "Lennart Meri Prepared To Continue War With Kremlin"]

[FBIS Translated Text] On 25-26 August the Estonian parliament will most likely re-elect the 67-year-old historian and writer Lennart Georg Meri as head of state. His main rival, who has already held this post, is Arnold Ruutel, who will hardly be able to oppose a man who to this day has the highest confidence rating among Estonians — nearly 60 percent. For Moscow that will mean four more years of difficult relations with Tallinn.

The son of an important Estonian diplomat who worked in Berlin and Paris in the thirties has had a hard childhood and youth. After Estonia's occupation in 1940 the NKVD sent the Meri family to the Arctic. In those years the future president developed a contradictory attitude toward Russia and the Russians.

On the one hand in conversation he does not tire of speaking of his gratitude to the ordinary people who saved his own life and the lives of his relations during their period of exile. Meri knows and values Russian literature and pays tribute to the role of Russian culture in forming the Estonian intelligentsia. He does not tire of speaking of his support for democratic reforms in Russia.

But on the other hand Lennart Meri's presence in the Kadriorg presidential palace (he was first elected to his lofty post on 5 October 1982) has been marked by a keen anti-Russian campaign in which the head of state has played a marked part. It should be noted that this has not been without success: Awarded the title "honored writer of the Estonian Soviet Socialist Republic" in 1979, Meri himself often writes articles distinguished by their provocative turns of phrase.

In Russia's relations with the West he sees "the traditions of the Soviet Inturist's show villages" and claims that "Russians are not Europeans but a separate type of people — Homo Sovieticus." Last year, during a visit to Sweden, Meri said ironically: "In speaking of the threat of military conflict if NATO advances to Russia's borders Mr. Yeltsin has obviously not taken a look at the map of Scandinavia. After all, Norway, which belongs to NATO, has long been on his country's border."

The Estonian leader would seem to have set himself the task of telling Moscow what it finds particularly unpleasant to hear. He believes that the Russian military presence in the Dniester region is occupation, does everything to support the idea of creating a powerful Ukrainian state as part of a unified Europe and a counterweight to Russia, and uncompromisingly criticizes the war in Chechnya. Meri does not tire of struggling actively for the Baltic states to join NATO.

The Estonian president paid a working visit to Moscow in 1994. He remains perhaps the only Baltic leader whom they do not want to invite to the Kremlin on an official state visit. This offends the dignity of Lennart Meri, who is seeking not without success to become a politician on a European scale, to be the "voice of the Baltic" in the international arena. Such a trip would be for him a kind of crowning moment for his career.

Moscow understands this and has its own calculations. "We have problems in bilateral relations with Latvia and Estonia," says one Presidential staff expert. "But whereas they are being discussed slowly but calmly with Riga at the level of experts, there is no normal dialogue with Tallinn at all.

"Tens of thousands of Russian-speaking citizens of Estonia are living in a state of suspended animation and the problem of military pensioners has still not been resolved. What visit by Meri is there to talk about?"

In turn the Estonian president sees the problem differently: "The Russian ethnic minority has a high living standard and freedom of speech and travel," he stated in March. In Meri's opinion the problems are created

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by representatives of the "Soviet minority — a hostile group of people consisting mainly of members of the communist nomenklatura."

"Small states have a heightened sense of danger compared with large ones," Lennart Meri does not tire of repeating. He is convinced that the threat to his homeland comes from Russia. Other Baltic politicians think the same but only Meri states this so directly and unambiguously. As the last romantic of the national- democratic movement in the former Soviet republics, he is impressed by the role of the lone soldier fighting the dragon of "Russian imperialism."

Will Lennart Meri be able to sign the North Atlantic treaty in his country's name or attend the raising of the Estonian flag at the EU headquarters in Brussels? Some say yes, others say no. The only thing of which few people doubt is that the incumbent of the Kadriorg Palace has least chances of all of stepping under the arches of the Kremlin's Georgiyevskiy Hall.

Estonia: Allegations of President Meri's KGB Links Resurface

WS2208105796 Tallinn BNS in English 0911 GMT 22 Aug 96

[FBIS Transcribed Text] Tallinn, Aug 22, BNS — Allegations were brought before the public again by opponents four days before the scheduled first round of presidential elections in Estonia that incumbent Lennart Meri had links to the KGB.

In an article published in the Thursday edition of the SONUMILEHT daily newspaper, an aide to Arnold Ruutel says he has been offered information about Meri's KGB links.

Ruutel is seen as Meri's most likely rival in the first round.

The aide, Toomas Kork, said an unidentified person had called him, offering to sell copies of KGB files about an agent designated as Nikolayev, allegedly Lennart Meri. Kork said he had refused to buy the copies, but that someone else had bought them.

In the same article Kork expresses concerns about Meri's actions in the past years, particularly about the 1994 agreement on Russian troop withdrawal, which Meri signed during a meeting with Boris Yeltsin in Moscow without previously consulting with the government or parliament. Many have blamed Meri for allowing too many retired Russian military to stay in Estonia. "I would like to know in whose interests it was to leave more Russian reserve military in Estonia than our defense forces have troops," Kork asks in the article.

Kork also asks why was Meri, while serving as the Estonian ambassador to Finland, behind an attempt to pull back the border of Estonia's territorial waters in the Gulf of Finland namely near the spot of deep water where military ships of whatever country could stop.

Topping the accusations was a claim that Meri had not registered himself as Estonian citizen, a procedure that had to be gone through by all applicants for the Estonian passport. As holder of a diplomatic passport, Meri didn't have to do this until now. The diplomatic passport is also a citizen's passport, the president's chancellery said.

Lennart Meri is the only candidate so far who has said he will run in the elections. Ruutel, who lost the race to Meri in 1992, is expected to announce Friday his agreement to run.

The parliament will have two rounds beginning from Aug. 26 to elect the president. If no candidate gets the necessary majority of 68 votes in the 101-the legislature, the president will be elected by an electoral college.

Estonia: Party Reacts to Statement Linking Meri to KGB

LD2208205396 Tallinn Radio Tallinn Network in Estonian 1700 GMT 22 Aug 96

[FBIS Translated Text] Politicians who support the reelection of the incumbent president, Lennart Meri, view the public statement by five Riigikogu members, who suspect Meri of collaboration with the KGB, as deliberate slander immediately before the presidential elections. According to Heiki Kranich, the Reform Party's secretary general, several politicians questioned his links with the KGB as early as in 1992 when he was elected president. In Kranich's view, Meri should not respond to the questions asked; how many times can one answer the question: are you a camel?

The statement about Lennart Meri and the parties supporting him was issued by Eldur Parder, Aleksander Stein, Tonu Kauba, Harald Magi, Lembit Arro, and Villu Muuripeal. These Riigikogu members await explanations from the head of state on his possible links with the KGB through the VEKSA [expansion unknown] society, set up for relations with emigre Estonians. The parliament members acknowledge that this is not a new issue but at the same time, there has never been an adequate answer to this. Apart from Tonu Kauba, who is a member of the Center Party faction, the authors of the statement are part of the Rural People's Association whose presidential candidate is one of the leaders of the former Estonian Communist Party, Arnold Ruutel.

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Latvia

Latvia: Skele, Chernomyrdin Discuss Bilateral Ties via Telephone

LD1608164296 Moscow ITAR-TASS in English 1540 GMT 16 Aug 96

[FBIS Transcribed Text] MOSCOW, August 16 (Itar-Tass) — Russian Prime Minister Viktor Chernomyrdin and his Latvian counterpart Andris Skele had a telephone conversation on Friday to discuss the development of Russian-Latvian relations.

During the conversation, which was arranged at the request of the Latvian side, the Latvian premier congratulated Chernomyrdin with his appointment to the post of the chairman of the Russian government and wished him successes in his activities, a spokesman for the Russian prime minister's press service told Itar-Tass.

According to the spokesman, Skele expressed Latvia's interest in the further progressive development of bilateral ties with Russia, first of all in the economic field.

The Russian side also showed readiness for the widening of the interaction between the two countries, stressing that the rates and scales of cooperation in different fields would depend to a great extent, as before, on the condition of Russians living in Latvia, the spokesman said.

The sides agreed that Skele would pay a working visit to Russia in the first half of September this year.

The press service of the head of the Latvian Cabinet, reporting on this telephone conversation, stressed Latvia's readiness to resume the talks with Moscow on the whole range on issues, which remained unsettled, "at any time acceptable for both sides."

Latvia: Daily Reports Russian Threat to Prosecutor in OMON Case

LD2208115196 Riga Radio Riga Network in Latvian 1000 GMT 22 Aug 96

[FBIS Translated Text] The newspaper DIENA has received an anonymous message from Russia which is said to have been sent by Special Unit Militia Detachment [OMON] fighters. Its authors are threatening to eliminate the staff of the prosecutor's office and police who have taken part in investigating the OMON case and to carry out other actions which will destabilize the Latvian state if a single OMON fighter is detained.

The Interior Ministry has promised to examine how real the threats are and to carry out additional security measures should the need arise.

Latvia: 'Criminal Case' To Be Opened on Alleged OMON Threat

WS2308073596 Tallinn BNS in English 2033 GMT 22 Aug 96

[FBIS Transcribed Text] Riga, Aug 22, BNS — A criminal case will be launched in connection with the letter threatening to kill prosecutors and police officers who participate in the investigation of cases related to the former Soviet OMON riot police.

BNS was told in the Latvian Interior Ministry's press center that the ministry will ask Russia's law enforcement institutions to provide assistance and informantion necessary for investigation.

The letter, which was sent in the name of OMON fighters by fax to the Latvian daily DIENA, also threatened Latvia with destructive actions if any OMON troopers are detained.

"If there is an attempt to carry out threats expressed in the letter, the Interior Ministry will take severe measures to prevent them and to call the guilty persons to responsibility," says the announcement of the Latvian Interior Ministry's press center.

The contents of the letter has been studied by the Interior Ministry's leadership, and the Security Police as well as other competent strucutres have been asked to clarify by whom the letter has been sent sent and what are the motives for such action.

Interior Minister Dainis Turlais considers that threat, expressed in the letter, will not hamper work of prosecutors and police officers who investigate into OMON cases.

"The guilty OMON fighters will be punished. Those times, when OMON bandits could act unpunished in the territory of Latvia, have passed," said Turlais.

Attacks of OMON fighters on different objects in January and August of 1991 took lives of seven Latvia residents.

After the failure of the August putsch, most of the fighters left for Russia. Latvia plans to bring charges against all of OMON fighters, including those living outside Latvia.

Latvia has collected enough evidence to bring charges against at least 160 OMON fighters for crimes they committed at the end of 1980s and at the beginning of 1990s.

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